Supreme Court, U.S.
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In The
Supreme Court of the United States

SLIP TRACK SYSTEMS, INC.,
Petitioner,

v.

METAL-LITE, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether it is ever appropriate when the meaning of a patent claim is clear on its face to use the patent file history to import an ambiguity into the claim that then must be resolved by importing an additional limitation from the file history.

2. Whether it is appropriate to apply of the doctrine of prosecution history disclaimer when the intrinsic record directly contradicts the allegedly disavowing statement and the record as a whole does not show a clear and unmistakable disavowal.

3. Whether the doctrine of prosecution history disclaimer, as conceptually distinct from prosecution history estoppel, should be limited to amendments or arguments made to overcome prior art.

LIST OF PARTIES TO THE PROCEEDING

The parties to this proceeding are set forth in the caption.

RULE 29.6 STATEMENT

There are no parent companies, subsidiaries, and affiliates of Petitioner Slip Track Systems, Inc. that have issued shares to the public.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Slip Track Systems, Inc. hereby respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit").

OPINION BELOW

The opinion of the Federal Circuit is reported at 113 Fed. Appx. 930 and reproduced in Petitioner's Appendix (hereinafter "App.") at App. A at 1. The order denying panel rehearing and denying rehearing *en banc* is reported at 2005 U.S. App. LEXIS 4046 (Fed. Cir., Feb. 2, 2005) and is reproduced in App. A at 64.

JURISDICTION

Judgment of the Federal Circuit was entered on December 1, 2004. (App. A at 1). The order denying panel rehearing and denying rehearing *en banc* issued on February 2, 2005. (App. A at 64). This Court has jurisdiction under 28 U.S.C. §1254(1).

STATUTORY PROVISIONS INVOLVED

Pertinent provisions of the Patent Code (35 U.S.C. §112) are set forth in App. A at 66.

STATEMENT OF THE CASE

This Petition is taken from a divided panel decision of the Federal Circuit affirming in part, vacating and remanding in part a district court judgment of infringement of United States Patent No. 5,127,760 (the "'760 patent").[1]

I. Statement of the Facts

A. The Invention of the '760 Patent

Slip Track is the owner of the '760 patent for a Vertically Slotted Header. The '760 patent is for a "slotted track" wall assembly used to alleviate stress on a wall's infrastructure caused by environmental forces, such as earthquakes. (App. B at 5). As described in the "Field of Invention," the '760 patent relates to a "building construction assembly and, more particularly, to a header for allowing horizontal, non-load bearing headers to vertically fluctuate in relationship to vertical non-load bearing wall studs to which the headers are attached. By allowing the header freedom of vertical movement, the walls that are fixed to the vertical studs are protected from cracking because the freedom of vertical movement of the header prevents translation of mechanical stresses to the walls caused by downward, environmental forces on the header." (App. B at 8).

A "header" is a horizontal frame member at the top of a wall. A "stud" is a vertical frame member. The header has flanges with vertical slots formed therein, and the stud has a hole formed proximal to its top end. The header is assembled astride the top end of the stud by an "attachment means" passing through the slot and the hole, such that the

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1 The Final Judgment and Permanent Injunction of the District Court for the Central District of California is set forth in App. A at 28. The '760 Patent is set forth in App. B at 5.

header is permitted a degree of vertical travel along the length of the slot relative to the stud.

B. Prosecution of the '760 Patent

The patent application that eventually issued as the '760 patent was filed on July 26, 1990. (App. B at 11; App. A at 213). The application as originally filed contained nine claims, including two independent claims.[2] Claim 1 recited:

> 1. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said stud comprising:
>
> a header having a web and flanges with said flanges connected to said web;
>
> at least one of said flanges having at least one vertical slot therein;
>
> a stud having a width less than the distance between said flanges of said header;
>
> said stud being aligned with said vertical slot; and
>
> an attachment means passing through said slot to unit [sic] said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

(App. B at 19; App. A at 220). Correspondingly, the written description sets forth two preferred methods for assembling the invention. In the first embodiment, the stud is inserted into the header, and then a hole is 'tapped' therein by a screw.

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[2] Beside original Claim 1, Claim 6 was an independent claim; however, Claim 6 is irrelevant to the issues being raised in this petition as it was a Jepson claim that was subsequently cancelled. (App. A at 213).

> The preferred method for assembling the invention involves placing end 40 of stud 12 between flanges 16 so that the end 40 abuts against the bottom 30 of the web 14 such that the header 10 and the stud 12 are perpendicular to each other and a vertical slot 24 is generally centered on side 52 of the stud 12. Appropriate attachment means, such as a self-tapping screw 20, is positioned in the slot 24 midway between the bottom 41 of the slot 24 and the top 42 of the slot 24. Once positioned, the self-tapping screw 20 is drilled into the stud 12.

(App. B at 16; App. A at 218). In the second embodiment, a pre-drilled hole is provided to align the stud and header:

> In another method of assembling the invention, holes 22 are pre-drilled in the stud 12. The stud 12 is then inserted between said flanges 16 so that the holes 22 in said stud are aligned with the slots 24. The attachment means 20 passes through the slot 24 and through the hole 22 in the stud 12.

(App. B at 17; App. A at 218). The basic difference between the first and second embodiments is that in the first embodiment the hole is tapped at the time of assembly, whereas in the second embodiment the hole is pre-drilled.

In the first Office Action, the United States Patent and Trademark Office ("PTO") rejected all nine claims under 35 U.S.C. §112 as being indefinite. (App. A at 204). Specifically, in his rejection of Claim 1, the PTO examiner questioned, "how is the stud aligned with the vertical slot...?"

In the Response to Examiner's Office Action (App. A. at 192), the applicant amended the claims and, in particular, amended Claim 1 to read as follows (with deletions in brackets and additions underlined):

> 1. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said [stud] assembly comprising:
>
> a header having a web and flanges with said flanges connected to said web;
>
> at least one of said flanges having at least one vertical slot therein;
>
> a stud having a width less than the distance between said flanges of said header and having a top end;
>
> said stud [being aligned with said vertical slot] having at least one hole formed therein proximal to said top end; [and] said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical slot; and
>
> an attachment means passing through said slot to [unit] slideably unite said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

(App. A at 193). Further, in the remarks section of the response, applicant stated that:

> First, the Examiner's question of how the stud is aligned with the vertical slot has been answered by adding hole 22 proximal to top

> end 40 of the stud as an element of the claims. The hole 22 serves as a reference point on the stud which is used to align the stud and the slot. This amendment should overcome the Examiner's § 112 rejection based upon indefiniteness with respect to claim 1 and the claims dependent therefrom.

(App. A at 201).

However, in further response to the examiner's rejection, original claims 6 through 9 were cancelled, and five new claims were added.[3] (App. A at 194-195). In particular, newly added independent Claim 7 was specifically directed to the second embodiment. This is evidenced by the fact that Claim 7 contains the added limitation, "said hole formed in said stud located so that said top [e]nd of said header [sic, "stud"] is in contact with said bottom surface of said web when said attachment means is in contact with said upper end of said slot." (App. A at 194). This added limitation corresponds precisely with the language of the second embodiment:

> The holes 22 in said stud 12 are positioned so that when the header 10 is forced downward to its maximum downward position 44 such that the top 42 of the slot 24 is abutted against said attachment means 20, then the top 40 of the stud 12 will contact the bottom 38 of the web 14 of the header 10.

(App. A at 219; App. B at 9). Moreover, in adding Claim 7, applicant expressly stated that Claim 7 "includes the

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[3] Specifically, new claims 10 through 14 were added, which, when re-numbered, claim 10 became claim 6, claim 11 became claim 7, etc. (App. A at 192).

limitations of the particular embodiment described in the specification at page 7, lines 15-23." (App. A at 201-202). The embodiment described in "the specification at page 7, lines 15-23" is exactly the second embodiment. (App. B at 17).

II. Proceedings Below

On January 9, 1998, Slip Track filed a complaint in the Central District of California to institute an interference proceeding pursuant to 35 U.S.C. §291. (App. A at 179). Slip Track sought a determination that its '760 patent had priority over Metal-Lite, Inc.'s ("Metal-Lite") U.S. Patent No. 5,127,203 (the "'203 patent").[4] Slip Track also asserted claims for, *inter alia*, infringement of the '760 patent. Metal-Lite counterclaimed for, *inter alia*, infringement of its '203 patent and non-infringement and invalidity of the '760 patent.

On July 13, 1999, the District Court granted Metal-Lite partial summary judgment, finding that the '203 patent had priority over Slip Track's '760 patent. (App. A at 56). Slip Track appealed, and the Federal Circuit, in *Slip Track Sys., Inc. v. Metal Lite, Inc.*, 304 F.3d 1256 (Fed. Cir. 2002), vacated the District Court's grant of summary judgment of priority for the '203 patent and remanded. (App. A at 31).

The proceedings then advanced principally on the issue of which patent was entitled to priority. No *Markman* claim construction was ever proposed by either party. After conclusion of phase one of the trial on interference, the jury found that the '760 patent had priority. After phase two of the trial on the issues of infringement and damages, the jury awarded $7,000,000 in damages to Slip Track. (App. A at 28).

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[4] Both the '760 patent and the '203 patent had issued on the same day, July 7, 1992. (App. B at 1 and 5).

A. The Federal Circuit Decision

On appeal, Metal-Lite resurrected the claim construction issue. Succinctly framed, the issue is whether the claims of the '760 patent are limited to a stud with a hole drilled prior to inserting the stud into the header or whether the claims encompass products without such a pre-drilled hole. (App. A at 9-13). In other words, the issue is simply whether the claims are limited to the second embodiment only or whether the claims cover both embodiments described in the specification.

On this question, the Federal Circuit considered determinative textual language to be "said stud having at least one hole formed therein proximal to said top end" of Claim 1. (App. A at 9-13). In constructing the claim, the court relied exclusively on a singular remark found in the prosecution file that "[t]he hole serves as a reference point on the stud which is used to align the stud and the slot," which the court took to be dispositive. (App. A at 9-13). Consequently, the court—in a divided opinion—held that this claim language limits the claims to the second embodiment, requiring pre-drilled holes. (App. A at 9-13).

Slip Track petitioned for a panel rehearing and rehearing *en banc* on, *inter alia*, the following question of claim construction: whether the standard for applying the Doctrine of Prosecution Disclaimer should be refined to require that the clear and unmistakable disavowal of subject matter must be based upon a review of the intrinsic record as a whole in context and not just the statements alleged to have given rise to the disclaimer. The Federal Circuit denied the petition for panel rehearing and rehearing *en banc*. (App. A at 9-13).

REASONS FOR GRANTING THE WRIT

This case is highly appropriate for Supreme Court review because it is to direct infringement as *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 122 S.Ct. 1831 (2002) was to infringement under the Doctrine of Equivalents. In *Festo*, the Supreme Court recognized that the Doctrine of Equivalents had become so amorphous that the scope of protection provided by a patent claim had become disconnected from the plain meaning of the words of the claim. This Court used the file history of the patent to imposed clear restraints on what could be considered equivalent so that the patentee and the public could reliably predict the scope of protection granted under the Doctrine of Equivalents. This Court created a bright line test that if the patent owner surrendered subject matter during prosecution of the patent, it was presumed that he could not re-claim the subject matter under the Doctrine of Equivalents. In this case, the same thing must be done with respect to direct infringement.

In the case of direct infringement, it is the plain meaning of the words of the claim that define the rights. If the words of the claim are clear, then the claim itself defines the scope of protection granted. A clearly written claim provides notice to both the patent owner and the public of the legal boundary lines around the invention drawn by the patent. The claim defines the contract between the patent owner and the public concerning the scope of the limited monopoly. Both the public and patent owner are entitled to rely upon the words of that contract. Yet, the Federal Circuit has drifted far from this fundamental notice function of a patent claim.

Just as this Court found the need to limit the Doctrine of Equivalents by use of the file history in *Festo* in order to better define the rights granted by a patent, there is

a need to restore clear definition to direct infringement analysis. While the file history helped restore order to the Doctrine of Equivalents in *Festo*, the file history is now being used in the direct infringement setting to muddle the plain meaning of patent claims by importing limitations from the file history even when the claim is clearly defined and requires no clarification. The purpose of the file history in the direct infringement setting should be to clarify ambiguities in claims; not to create them. Yet, the expanded use of file histories arising out of *Festo* has spilled over into direct infringement analysis so that the Federal Circuit is now using ambiguities in the file history in order to insert limitations in claims that are clear on their face. This was never the intention of *Festo*.

For direct infringement, the clear high hierarchy of analysis must be restored: If the claim is clear on its face after reviewing the claim and description of the invention in the patent itself, then there is no reason to look any further. The scope of the claim is defined within the four corners of the patent document itself. If the claim is still unclear, then the file history can be consulted for clarification. If the claim is still not clear, then extrinsic evidence can be consulted such as dictionaries and experts if needed. But importing limitations from the file history into a claim that is clear on its face destroys the basic notice function of a claim and leaves both the patent owner and the public guessing as to the real meaning of the claim. *Festo* addressed this problem in the Doctrine of Equivalents setting. It is now time to address this fundamental issue in the direct infringement setting.

Accordingly, this Petition invites the Court to consider how prosecution history is to be used in claim construction, particularly as a basis for the doctrine of disclaimer. As such, this Petition is directed to the very

methodology of claim construction and, thus, to the heart of patent law.

I. CERTIORARI SHOULD BE GRANTED TO RESTORE BALANCE TO TRADITIONAL CLAIM CONSTRUCTION METHODOLOGY BY CIRCUMSCRIBING THE DOCTRINE OF PROSECUTION HISTORY DISCLAIMER

The Court should grant this Petition for Writ to restore claim construction to the working methodology developed over nearly two centuries of American patent law, from which the Federal Circuit has hastily deviated in its recent decisions.

By its own recent admission, the Federal Circuit has stated that its case law on claim construction is "unfortunately complex and inconsistent." *Astrazeneca AB v. Mutual Pharmaceutical Co.*, 384 F.3d 1333, 1336 (Fed. Cir. 2004). The Federal Circuit acknowledged in particular that its recent decisions appear to suggest two distinct and incongruent approaches to claim construction. Under one line of cases, evidence intrinsic to the patent is the primary source for determining claim meaning. *See Astrazeneca*, 384 F.3d at 1336-37 (citing, *e.g.*, *Bell Atl. Network Servs., Inc. v. Covad Communications Group, Inc.*, 262 F.3d 1258, 1268 (Fed. Cir. 2001)). Under another line of cases, the intrinsic record should only be consulted after the ordinary and customary meaning of the claim term is determined. *See Astrazeneca*, 384 F.3d at 1336-37 (citing, *e.g.*, *Tex. Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1204 (Fed. Cir. 2002)). Where the ordinary meaning of the claim is evident, the intrinsic record is relevant only insofar as it provides clear lexicography or *clear disavowal* of the ordinary meaning. *See id.* Between these two trench lines of claim construction, a doctrinal struggle is being waged in the lower courts over how and when the intrinsic record—specifically, in this

instance, the prosecution history—is to be used to construct or deconstruct the claim of a patent.

In this struggle, the Federal Circuit has demonstrated an increasingly unrestrained inclination to use the prosecution history to narrow patent claim under the doctrine of prosecution history disclaimer. In recent cases, the Federal Circuit has expanded the doctrine of prosecution disclaimer in a manner that has not only sown confusion in claim construction, but has unbalanced the patent regime by weakening the fundamental principle that a patent is defined by the claim. The expansion of prosecution disclaimer is indicative of the Federal Circuit's continuing departure from traditional claim construction methodology.

A. The Architecture of the Patent Regime: the Relation Between Claim and Prosecution History in Claim Construction

1. Patent Law Is Based on the "Fundamental Principle" That Claims Define the Scope of Patent Protection

Throughout the modern history of United States patent law, courts have recognized claim language as the measure of the exclusive rights conferred by a patent. This Court long ago stated that the claims made in the patent are the measure of the invention. *See Continental Paper Bag Co. v. E. Paper Bag. Co.*, 210 U.S. 405, 419 (1908). It is the first axiom of patent law, one the Federal Circuit itself has religiously invoked: "[b]oth the Supreme Court and this court have adhered to the fundamental principle that claims define the scope of patent protection." *Johnson & Johnson Associates, Inc. v. R.E. Service Co., Inc.*, 285 F.3d 1046, 1053 (Fed. Cir. 2002).

It follows from this "fundamental principle" that the scope of the patent cannot be altered by hindsight reference to the intrinsic record.

> The context may, undoubted, be resorted to, and often is resorted to, for the purpose of better understanding the meaning of the claims; but not for the purpose of changing it, and making it different from what it is. The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms.

White v. Dunbar, 119 U.S. 47, 51-52 (1886). Although a claim is to be interpreted in light of the specification and prosecution history, it is a canonical rule that it is improper and impermissible to import a limitation into a claim from the specification or the prosecution history. *See, e.g., Tate Access Floors, Inc. v. Maxcess Technologies, Inc.*, 222 F.3d 958, 966 (Fed. Cir. 2000). This rule flows from the fundamental principle that "it is the function and purpose of the claims," not the specification or the prosecution history, to "delimit the right to exclude." *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 980 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996). However, as the Federal Circuit recognized, "there is sometimes a fine line between reading a claim in light of the specification, and reading a limitation into the claim from the specification." *See Comark Communications, Inc. v. Harris Corp.*, 156 F.3d 1182 (Fed. Cir. 1998).

2. Claim Construction Methodology

The Federal Circuit is undermining the basic architecture of the patent regime by blurring the fine line

between reading a claim in light of the intrinsic evidence, and reading a limitation into the claim from the intrinsic evidence. In decision after decision, the court has labored to read limitations into claims by inconsistently and often incorrectly applying prosecution history as a means toward finding disclaimer. In so doing, the Federal Circuit has fundamentally subverted traditional claim construction methodology.

In claim construction, the established methodology is to look to the claims first, then the specification, and then the prosecution history if necessary. *See Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996) (delineating a hierarchy among the intrinsic evidence).[5] The claims are accorded primacy in this hierarchy of intrinsic evidence for the simple reason that they "provide the formal definition of the invention." *Autogiro Co. of America v. United States*, 384 F.2d 391, 395 (Ct. Cl. 1967). Since the language of the claim defines the boundary of its scope, there is a "heavy presumption" in favor of the "ordinary meaning" of a claim. *Johnson Worldwide Assocs., Inc. v. Zebco Corp.*, 175 F.3d 985, 989 (Fed. Cir. 1999). This is the "ordinary and accustomed meaning" rule, which stands for the basic proposition that the ordinary meaning of a claim is to be controlling, unless there is clear indication in the intrinsic record to find otherwise.

In order to overcome the heavy presumption accorded the ordinary meaning of the claim language, the claim itself must invite reference to the intrinsic record. *See*

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5 *See, e.g., Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1204 (Fed. Cir. 2002) ("Consulting the written description and prosecution history as a threshold step in the claim construction process, before any effort is made to discern the ordinary and customary meanings attributed to the words themselves, invites a violation of our precedent counseling against importing limitations into the claims.").

Johnson Worldwide, 175 F.3d at 989-90.[6] This is because "[i]f we once begin to include elements not mentioned in the claim in order to limit such claim ...," as this Court has opined, "we should never know where to stop." *Johnson Worldwide*, 175 F.3d at *990* (quoting *McCarty v. Lehigh Val. R.R.*, 160 U.S. 110, 116 (1895)).

"If the claim language is clear on its face, consideration of the rest of the intrinsic evidence is restricted to determining if a deviation from the clear language of the claims is specified." *Interactive Gift Express, Inc. v. Compuserve Inc.*, 256 F.3d 1323, 1331 (Fed. Cir. 2001). Under Federal Circuit case law, there are only two situations where it would be proper to look beyond the ordinary and accustomed meaning of the claim. The first case, inapplicable here, is where the patentee has chosen to be his own lexicographer. *Johnson Worldwide*, 175 F.3d at 990. The second is where "the term or terms chosen by the patentee so deprive the claim of clarity that there is no means by which the scope of the claim may be ascertained from the language used." *Id.* In particular, the prosecution history can be found to have a disclaiming effect on the ordinary meaning of a claim where: 1) the patentee narrowed a claim after it was rejected by the Patent Office; and 2) where the limiting effect is "indisputable" or "clear and unmistakable" or "unequivocal." *See Omega Eng'g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1324 (Fed. Cir. 2003). In short, claim construction is predicated on a "heavy presumption in favor of the ordinary meaning of a claim," which can only be overcome by "clear an unmistakable disclaimer."

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[6] *See, e.g., Renishaw PLC v. Marposs Societa' Per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998); *Hoganas AB v. Dresser Indus., Inc.*, 9 F.3d 948, 950 (Fed. Cir. 1993) ("It is improper for a court to add extraneous limitations to a claim, that is limitations added wholly apart from any need to interpret what the patentee meant by particular words or phrases in the claim").

B. The Expanding Use of Prosecution History Disclaimer Is Inconsistent with Traditional Claim Construction Methodology

There has been a gradual and growing trend in Federal Circuit jurisprudence towards an expanded use of the specification and prosecution history to attack the claim, even when its ordinary and accustomed meaning is clear, and even when the claim does not invite reference to the intrinsic record.

Beginning with *SciMed Life Systems, Inc. v. Advanced Cardiovascular Systems, Inc.*, the Federal Circuit expanded the use of the written description in determining the meaning of claim language. 242 F.3d 1337, 1344 (Fed. Cir. 2001). The court embraced a claim construction framework wherein the written description can "provide guidance as to the meaning of the claims, thereby dictating the manner in which the claims are to be construed, even if the guidance is not provided in explicit definitional format." *Id.* Then in *CCS Fitness, Inc. v. Brunswick Corp.*, the Federal Circuit held that a court may limit otherwise clear claim terms where, *inter alia*, the patentee expressly disclaimed subject matter. 288 F.3d 1359 (Fed. Cir. 2002). Most recently in *Teleflex, Inc. v. Ficosa North America Corp.*, the Federal Circuit refined the rule developed in *SciMed* and *CCS Fitness*, expressly holding that the "clear disavowal" must be made by "words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope." 299 F.3d 1313, 1327 (Fed. Cir. 2002). This line of cases is indicative of an evolving jurisprudence in which the Federal Circuit is drifting away from the claim-center of the patent regime.

In moving away from a construction methodology centered on the plain meaning of the claim, the Federal Circuit has struggled to reconcile the two conflicting canons of claim constructions: that a claim is to be interpreted in light of the specification and prosecution history, but a

limitation cannot be imported into the claim from the specification or the prosecution history. From this doctrinal schism two lines of cases have developed, as acknowledged in *Astrazeneca, supra.* One line is comprised of Federal Circuit decisions holding that claims are construed according to their ordinary and accustomed meaning, unless the claim itself invites reference to the intrinsic record expressly, or unless the claim is unclear. The other line is comprised of Federal Circuit decisions holding that the claim should be limited anytime the intrinsic record evidences disclaimer of the subject matter.

In light of the Federal Circuit's inconsistent, if not rather schizophrenic, case law on claim construction, lower courts are confused as to how to apply prosecution history to patent claim.[7] There is no clear guidance for how and when disclaimer is to be found. As a result, patent holders cannot litigate claim construction issues with any predictability and courts cannot adjudicate them with any certainty.[8]

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7 *See, e.g.,* Gretchen Ann Bender, *Uncertainty and Unpredictability in Patent Litigation: The Time Is Ripe for a Consistent Claim Construction Methodology,* 8 J. Intell. Prop. L. 175, 215 (2001) ("A sampling of Federal Circuit cases quickly demonstrates that even the Federal Circuit does not follow a consistent claim construction methodology."); Tarek N. Fahmi & Elena B. Dreszer, *De Novo Review of Claims Construction or Wasted Effort of the District Court: Interactive Gift Express, Inc. v. Compuserve, Inc.,* 19 Santa Clara Computer & High Tech. L.J. 315 (2002) ("[E]mpirical studies by various authors, including one of the Federal Circuit's own judges, have shown that uniformity is conspicuously absent when it comes to issue of claims construction in patent litigation." (footnote omitted)).

8 *See, e.g.,* Steven B. Pokotilow & Charles E. Cantine, *File Early and File Often A Pending Application is the Best Approach to Capturing Your Competitor's Product,* PATENT STRATEGY & MGMT, Jan. 28, 2004, at 1 ("In sum, due to the ever-changing case law on claim interpretation, neither applicants or their attorneys are in a position to predict accurately how a district court, or the Federal Circuit, will interpret a given set of claims.").

C. The Disclaimer Doctrine Is Being Misapplied by the Federal Circuit in a Manner That Is Contrary to Precedence and to the Canons of Claim Construction

This confusion has culminated in the instant case, wherein the Federal Circuit has continued to broaden the disclaimer doctrine in a manner that is wholly contrary to precedence and, moreover, that is in jarring conflict with established canons of claim construction. It did this by applying a confused construction methodology: the Federal Circuit failed to first construct the ordinary meaning of the claims in issue. Disregarding the clear meaning of the claims, the court instead looked directly to the prosecution history for disavowal. In the rush to do so, it failed to consider the entirety of the prosecution history, and thus overlooked the particular claim amendment and argument that would have required the court to differentiate the claims. As discussed below, had the claims been properly differentiated, the court could not logically have found disavowal.

1. Prosecution History Disclaimer Is Improper Where the Intrinsic Record Contains Evidence Contrary to the Allegedly Disavowing Statement and the Record *as a Whole* Does Not Show Clear and Unmistakable Disavowal

The Federal Circuit has stated that, "precedence requires that the alleged disavowing actions or statements made during prosecution be both clear and unmistakable." *Omega Eng'g*, 334 F.3d at 1325-26. In determining whether the actions or statements made during prosecution constitute clear and unmistakable disavowal, the Federal Circuit has remarked in dictum that the totality of the prosecution history must be considered. *See Rheox, Inc. v.*

Entact, Inc., 276 F.3d 13119, 1326 (Fed. Cir. 2002) ("We assess whether a patentee relinquished a particular claim construction based on the totality of the prosecution history...", citing *Elkay Mfg. Co. v. Ebco Mfg. Co.*, 192 F.3d 973, 979 (Fed. Cir. 1999)). The question presented by this Petition is whether there can ever be clear and unmistakable disavowal if there is evidence in the totality of the intrinsic record that is inconsistent or conflicting with the purported disavowal.

a.) The Disclaimer Doctrine as Applied in This Case Conflicts with the Canon of Claim Differentiation

When the totality of the intrinsic record is considered in the present case, it becomes clear that the Federal Circuit's interpretation of the specific prosecution remarks in issue as constituting clear disavowal conflicts with the doctrine of claim differentiation. This is because the patentee's remarks as interpreted would be at odds with the patentee's own claim amendments.

Under the doctrine of claim differentiation, claims are presumed to be of different scope. *See Telemac Cellular Corp. v. Topp. Telecom, Inc.*, 247 F.3d 1316, 1325 (Fed. Cir. 2001). The '760 patent contains two independent claims: claim 1 and claim 7.[9] Claim 1 was originally drafted to cover the two embodiments disclosed in the written description. In response to the examiner's rejection, claim 7 was added, specifically directed to the second embodiment (*i.e.* the "pre-drilled" embodiment). It would have been

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[9] As noted above, in the original application there were nine claims. In response to the examiner's rejection, claims 6 through 9 were cancelled, and new claims 10 through 14 were added, which, when re-numbered, claim 10 became claim 6, claim 11 became claim 7, etc. (App. A at 213).

redundant to add claim 7 if—as the Federal Circuit interpreted it—claim 1 was limited to the pre-drilled/second embodiment by way of disclaimer.

That the two claims are separately directed to the two distinct embodiments—the first including self-tapping screws and the second requiring pre-drilling of the holes—is supported by the fact that claim 7 contains the added limitation, "said hole formed in said stud located so that said top [e]nd of said header [sic, "stud"] is in contact with said bottom surface of said web when said attachment means is in contact with said upper end of said slot." (App. B at 9). This added limitation corresponds directly to the second embodiment requiring pre-drilling of the holes.

Further, that claim 7 is directed to the second embodiment can be easily tracked from the prosecution history. In adding claim 7, patentee expressly stated that claim 7 "**includes the limitations of the particular embodiment described in the specification at page 7, lines 15-23.**" (App. A at 201-202). The embodiment described in the specification at page 7, lines 15-23 is the pre-drilled/second embodiment. (App. B at 17). Thus, the prosecution history shows that claim 7 is indisputably directed to the second embodiment.

The Federal Circuit's claim construction treated claim 7 as being essentially identical to claim 1, conflating the two claims by requiring that both be limited to a pre-drilled hole embodiment. This failure to differentiate the claims caused the court to interpret claim 1 to be superfluous to claim 7. *See, e.g., Beachcombers, International, Inc. v. WildeWood Creative Products, Inc.*, 31 F.3d 1154, 1161 (Fed. Cir. 1994) (stating an interpretation of a claim that would render another claim in the patent "superfluous" is "presumptively unreasonable").

Accordingly, the narrow question presented by this Petition is whether it is ever appropriate to apply the doctrine of prosecution history disclaimer when, as here, the intrinsic record contains evidence contrary to the allegedly disavowing statement and the record *as a whole* does not show a clear and unmistakable disavowal. It is submitted that where there is conflicting or inconsistent evidence in the prosecution history taken as a whole, as here, there cannot *per se* be clear disavowal.

2. The Federal Circuit's Application of the Disclaimer Doctrine Also Conflicts with the Canonical Prohibition Against Reading a Limitation Into a Claim

Further, the Federal Circuit's expanded application of prosecution history disclaimer also vitiates a cardinal prohibition against reading a limitation into a claim. This rule has been deemed "fixed" and "immutable." *See D.M.I. v. Deere & Co.*, 755 F.2d 1570, 1574 (Fed. Cir. 1985). The Federal Circuit completely disregarded this rule in its construction of the claim in the present case. The court read in the "pre-drilled" limitation based on the patentee's remark that the hole "serves as a reference point." The ambiguity resides in the word "reference," but that is not a term of the claim language, and any dispute as to its meaning was irrelevant to construction of the claim. "The danger of improperly importing a limitation is even greater when the purported limitation is based upon a term not appearing in the claim." *Amgen Inc. v. Hoeschst Marrion Roussel, Inc.*, 314 F.3d 1313, 1325 (Fed. Cir. 2003). Therefore, *how* the hole functions as a "reference" is an extraneous limitation, one that was improperly imported into the claim.

It is contrary to established construction practice to look for disclaimer in the prosecution history if, to do so, it would mean the reading of a limitation into the claim. As a

matter of policy and of practice, the disclaimer doctrine cannot be applied in a manner that would subvert a fixed and immutable rule of claim construction.

3. The Federal Circuit's Application of the Disclaimer Doctrine Further Conflicts with the Canon of Reading Out a Preferred Embodiment

Not only does the finding of disclaimer conflicts with the rule against reading-in a limitation, it conflicts with the rule against reading-out a preferred embodiment. It is "rarely, if ever, correct" for a claim construction to read out the preferred embodiment.[10] *See Vitronics*, 90 F.3d at 1583-84; *see also, Hoechst Celanese Corp. v. BP Chems. Ltd.*, 78 F.3d 1575, 1580-81, (Fed. Cir. 1996) (noting "it is unlikely that an inventor would define the invention in a way that excluded the preferred embodiment, or that persons of skill in this field would read the specification in such a way").

Notwithstanding its own admonition against reading out a preferred embodiment, the Federal Circuit constructed the claim in issue to exclude the preferred embodiment. That its claim construction is contrary to its own canons exemplifies the problem of failing to adhere to traditional claim construction methodology in applying disclaimer.

D. This Court Should Circumscribe the Disclaimer Doctrine

In short, the Federal Circuit departed from a host of claim construction canons in applying the doctrine of

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[10] Since it is "rarely, if ever, correct" for a claim construction to read out the preferred embodiment, the Federal Circuit itself has rarely approved of such a construction. *See, e.g., Rheox, Inc. v. Entact, Inc.*, 276 F.3d 1319, (Fed. Cir. 2002); *Elekta Instruments S.A. v. O.U.R. Scientific Int'l., Inc.*, 214 F.3d 1302 (Fed. Cir. 2000).

disclaimer. Specifically, the Federal Circuit strove to find "clear disavowal" in this case, even though 1) the claim in issue on its face covered the preferred embodiment; 2) finding disavowal required that the claims not be differentiated; 3) finding disavowal required that an express claim amendment be ignored; 4) finding disavowal required excision of the preferred embodiment from the claim scope; and 5) finding disavowal meant the claim in issue would be converted from a product claim into a process claim. As such, under the claim construction methodology currently practiced by the Federal Circuit, "clear disavowal" is anything but clear.

This Court should restore traditional claim construction methodology by limiting the expanding "clear disavowal" exception to prevent it from undermining the ordinary meaning of the claim. As the proverbial saying goes, the exception is swallowing the rule. Therefore, the disclaimer exception should be limited by requiring that the clear and unmistakable disavowal of subject matter be based upon a review of the intrinsic record as a whole, in context, and not just the statements alleged to have given rise to the disclaimer. Where there is manifestly conflicting or inconsistent evidence in the intrinsic record as to whether an applicant intends to disavow subject matter, there is no disavowal *per se*. This Court should define "clear disavowal" to require that it be manifest in the totality of the prosecution history.

II. PROSECUTION HISTORY DISCLAIMER SHOULD BE LIMITED TO AMENDMENTS OR ARGUMENTS MADE TO OVERCOME PRIOR ART

The trend towards a more gratuitous use of prosecution history disclaimer to adversely narrow claim scope has notably accelerated in the aftermath of *Festo*. This Court undertook *Festo* to restrain the Federal Circuit from

overreaching in its use of estoppel to effectively gut the doctrine of equivalents. The Federal Circuit is now overreaching in its application of prosecution disclaimer, misusing the disclaimer doctrine in claim construction as it had misused estoppel in non-literal infringement. The misuse of prosecution disclaimer in claim construction here, however, raises far more concern than that of estoppel in *Festo*, because it undermines the very methodology of claim construction that has been the foundation of the patent law.

Therefore, this Court should further restore balance to claim construction by limiting the doctrine of prosecution history disclaimer to amendments or arguments made to overcome prior art. As presently applied, any amendments or arguments that purport to manifestly exclude or restrict the claimed subject matter can be a basis for disclaimer. In the present case, for example, the examiner rejected the original claims of the '760 Patent under 35 U.S.C. § 112, second paragraph, as being indefinite. This was not a rejection over prior art and the responding amendments did not narrow the claims to a pre-drilled embodiment to overcome prior art. Nonetheless, the Federal Circuit held that the responding amendments, which had been made to more definitely claim the invention, manifested disavowal of the preferred embodiment. Petitioner submits that amendments or arguments made for definiteness should not be a basis for disclaimer because, unlike prosecution history estoppel—which is a shield against an assertion of equivalents—disclaimer is a narrow exception to the ordinary meaning rule of claim construction; therefore, disclaimer should not be used broadly as a sword for invalidating a patent claim.

A. Prosecution Disclaimer Is Fundamentally Different from File History Estoppel Under the Doctrine of Equivalents

The concept of Prosecution Disclaimer is a fundamentally different animal from file history estoppel under the Doctrine of Equivalents. Prosecution Disclaimer is an agreement between the Patent Examiner and the applicant as to what cannot be included within the scope of protection. Based upon this understanding, the Examiner and the applicant agree to certain claim language. Since the Examiner is presumably aware of what has been disclaimed in his exchanges with the applicant, the resulting claims that the Examiner allows presumably do not include what was excluded by the disclaimer. Yet, the Federal Circuit has used Prosecution Disclaimer to expand the disavowed subject matter beyond the plain language of the claim agreed upon by the Examiner as if it were the same as prosecution history estoppel. This is wrong. Prosecution disclaimer in the direct infringement setting is fundamentally different than prosecution history estoppel under the Doctrine of Equivalents. The consequences of a disclaimer is intrinsically contained in the words of the final patent claim agreed upon by the Examiner because the Examiner would not allow a claim that contained language that plainly covered what was disclaimed. The Doctrine of Equivalents involves expansion of the meaning of the claim beyond its four corners, which does not appear in the plain language agreed upon by the Examiner. To impose limitations on the Doctrine of Equivalents, file history estoppel requires interpretation by the courts where the limitations imposed by Prosecution Disclaimer presumably collapse into the plain language of the claim that is accepted by the Examiner. Yet, the Federal Circuit has never acknowledged this fundamental difference. This fundamental difference must be recognized to prevent Prosecution Disclaimer from overtaking the fundamental

principle that the plain language of the claim defines the patent right.

1. The Federal Circuit Fails to Differentiate the Use of Prosecution History as a Means Toward Claim Construction from Prosecution History as a Means Toward Estopping Equivalents

In *Southwall Technologies, Inc. v. Cardinal IG Co.*, the Federal Circuit observed "[t]here is ... a clear distinction between following the statements in the prosecution history in defining a claim term, and the doctrine of prosecution estoppel, which limits expansion of the protection under the doctrine of equivalents when a claim has been distinguished over relevant prior art." 54 F.3d 1570, 1579 (Fed. Cir. 1995). In essence, where the doctrine of equivalents only involves the secondary determination of how far *outside* the literal scope of a patent claim infringement may be found, claim construction involves the primary determination of what is *within* the literal scope of a patent claim. Hence, disclaimer is paradigmatically different from estoppel. The two distinct concepts are rooted in different equitable and public policy principles and are applied by different methodologies.

Yet the Federal Circuit fails to differentiate disclaimer from estoppel because it does not differentiate the proper use of the prosecution history as a secondary textual basis for claim construction from its use as an affirmative defense to an assertion of non-literal infringement. As a result, the Federal Circuit often reads the prosecution history for the purpose of finding disclaimer under claim construction as broadly as it would read it for the purpose of finding estoppel under non-literal infringement. Such a broad reading is unbalanced, for it tips the prosecution history too heavily against the claim.

The prosecution history should be read much more stringently for purpose of claim construction than for non-literal infringement analysis.

B. The Effect of *Festo*

Previously in *Festo*, this Court fully explicated the doctrine of prosecution history estoppel, noting the underlying rationale:

> When ... the patentee originally claimed the subject matter alleged to infringe but then narrowed the claim in response to a rejection, he may not argue that the surrendered territory comprised *unforeseen subject matter* that should be deemed equivalent to the literal claims of the issued patent.

122 S.Ct. at 1838 (emphasis added). Accordingly, the Court went on to hold, *inter alia*, that amendments made for any reason relating to patentability could give rise to estoppel. *See* 122 S.Ct. at 1839. This holding was based on the recognition by the Court of the need for reducing the degree of uncertainty created by the doctrine of equivalents.

> Prosecution history estoppel ensures that the doctrine of equivalents remains tied to its underlying purpose. Where the original application once embraced the purported equivalent but the patentee narrowed his claims to obtain the patent or to protect its validity, the patentee cannot assert that he lacked the words to describe the subject matter in question. The doctrine of equivalents is premised on language's inability to capture the essence of innovation...

Festo, 535 U.S. at 735. Thus, the broadening of estoppel in *Festo* was designed to counterbalance the uncertainty inherent in the doctrine of equivalents. This policy concern does not underpin the concept of disclaimer in claim construction, however. On the contrary, since it is the claim that provides notice to the world of the metes and bounds of the patent, to apply prosecution history as broadly for disclaimer as for estoppel would be to undermine the notice function of the claim itself. In particular, it would subvert the "ordinary meaning" rule that is meant to confer greater certainty as to what the patentee regards as his invention.

Before *Festo*, it was generally held that amendments made for clarification did not create estoppel. As this Court noted in *Festo*,

> Our prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of reasons, such as to avoid the prior art, or otherwise to address specific concern—such as obviousness—that arguably would have rendered the claimed subject matter unpatentable.

Festo, 535 U.S. at 735 (quoting *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 30-32 (1997) (recognizing that prosecution history estoppel does not arise in every instance when a patent application is amended)). Indeed, many lower court decisions before *Festo* routinely held that amendments made for clarification did not create an estoppel.

The logic and rationale of *Festo* in broadening the reach of estoppel do not apply to claim construction and, thus, the Federal Circuit should not have taken *Festo* as a green-light for expanding the disclaimer exception. But it

has. The Federal Circuit has enlarged the doctrine of disclaimer to cover amendments or arguments made for any reason relating to patentability, including, in particular, amendments or arguments made under Section 112.

As disclaimer is a narrow exception to the ordinary meaning rule of claim construction, it should not cover amendments or arguments made under Section 112. It should properly be found only for amendments or arguments made to overcome prior art because, in practice, an applicant typically disclaims subject matter only in order to overcome prior art—as this Court implicitly recognized in *Warner-Jenkinson* and later in *Festo*. *See Festo*, 535 U.S. at 735. It is typically not necessary to disclaim subject matter in order to overcome indefiniteness under Section 112. Thus, to define disclaimer as broadly as estoppel for the purpose of invalidating a claim not only does not serve to further any principles of patent law, it is actually inconsistent claim construction practice.

Furthermore, the distinction between using prosecution history to interpret a claim and using it as estoppel is most strained when, as here, a court finds that an applicant apparently disclaims subject matter that falls within the clear literal scope of the claim. This is never possible with estoppel since, by definition, estoppel only arises when there is no literal infringement. It is precisely because the scope of the claim is neither literal nor clear under the doctrine of equivalents that estoppel is to be applied broadly and forcefully. By contrast, for claim construction, if the subject matter falls within the clear literal scope of the claim, then the disclaimer exception should be applied narrowly to preserve the literal scope of the claim.

To be sure, *Festo* significantly impacted the law of non-literal infringement, but its shadow should not darken the landscape of claim construction. Accordingly, this Court

should grant writ to limit the disclaimer exception to amendments or arguments made to overcome prior art in order to preserve the primacy and predominance of the claim that has always been the bedrock of American patent law.

CONCLUSION

For the reasons set forth above, this Petition should be GRANTED.

Respectfully submitted,

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No. _____
04-1453 MAY 3 - 2005
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In The
Supreme Court of the United States

SLIP TRACK SYSTEMS, INC.,
Petitioner,

v.

METAL-LITE, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

APPENDIX A
TO PETITION FOR WRIT OF CERTIORARI

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NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition is not citable as precedent. It is a public record.

United States Court of Appeals for the Federal Circuit

04-1070

SLIP TRACK SYSTEMS, INC.,

Plaintiff-Appellee,

v.

METAL LITE, INC.,

Defendant-Appellant.

[ENTERED: DECEMBER 1, 2004]

DECIDED: December 1, 2004

Before NEWMAN, Circuit Judge, FRIEDMAN, Senior Circuit Judge, and SCHALL, Circuit Judge.

Opinion for the court filed by Circuit Judge SCHALL. Opinion dissenting-in-part filed by Circuit Judge NEWMAN.

SCHALL, Circuit Judge.

DECISION

Metal Lite, Inc. ("Metal Lite") appeals the final judgment of the United States District Court for the Central District of California (1) that U.S. Patent No. 5,127,760 ("the '760 patent"), owned by Slip Track Systems, Inc. ("Slip Track"), has priority over U.S. Patent. No.

5,127,203 ("the '203 patent"), owned by both Metal Lite and Slip Track; and (2) that Metal Lite infringed the '760 patent and is liable for damages in the amount of $7,000,000 by reason of that infringement. Slip Track Sys., Inc. v. Metal Lite, Inc., No. SA CV 98-20 AHS (C.D. Cal. Oct. 22, 2003) ("Final Judgment"). For the reasons set forth below, we affirm the judgment of the district court on the priority issue. However, we vacate the judgment of infringement and the award of damages in favor of Slip Track and remand the case to the district court for further proceedings on the issue of infringement based upon the claim construction set forth in this opinion.

DISCUSSION

I

After remand following our decision in Slip Track Systems, Inc. v. Metal Lite, Inc., 304 F.3d 1256 (Fed. Cir. 2002) ("Slip Track II"), the district court awarded the '760 patent priority over the '203 patent. The district court's award of priority was based on a jury's finding that the invention of the '760 patent was reduced to practice before the invention of the '203 patent. Metal Lite's sole argument on appeal with respect to the priority issue is that the district court erred in not granting its motion in limine to bar Slip Track, an assignee and 50% owner of the '203 patent, from challenging the validity of the '203 patent based upon the doctrine of assignee estoppel. We find no error in the district court's decision.

Assignee estoppel is an equitable doctrine which, under appropriate circumstances, bars the assignee of a patent from contesting the validity of the assigned patent. C.f. Diamond Scientific Co. v. Ambico, Inc., 848 F.2d 1220, 1225 (Fed. Cir. 1988) ("[D]espite the public policy encouraging people to challenge potentially

invalid patents, there are still circumstances in which the equities of the contractual relationships between the parties should deprive one party ... of the right to bring that challenge."). For example, circumstance may warrant application of the doctrine to prevent an assignee from avoiding royalty payments otherwise due under an assignment contract by challenging the validity of the assigned patent. See Baladevon, Inc. v. Abbott Labs., Inc., 871 F. Supp. 89, 96 (D. Mass. 1994); Sybron Transition Corp. v. Nixon, 770 F. Supp. 803, 811-12 (W.D.N.Y. 1991). This case, however, does not present such circumstances. Slip Track only asserted invalidity of the '203 patent after Metal Lite put Slip Track's '760 patent into reexamination before the Patent and Trademark Office on the grounds that it was invalid in view of the '203 patent. See Slip Track Sys., Inc. v. Metal Lite, Inc., 159 F.3d 1337, 1338-39 (Fed. Cir. 1998) ("Slip Track I"). Moreover, Slip Track owns 100% of the '760 patent but only 50% of the '203 patent. The reexamination consequently forced Slip Track to choose between protecting the validity of either the '760 patent or the '203 patent. Slip Track made the natural decision to protect its greater of two property interests, the '760 patent. There is nothing inequitable here. Having rejected Metal Lite's assignee estoppel argument, we affirm the judgment of the district court on the priority issue.

II.

After determining that the '760 patent has priority over the '203 patent, the district court granted Slip Track's motion in limine barring Metal Lite from contesting infringement and subsequently entered judgment against Metal Lite for infringement of the '760 patent. The district court based its decision to grant the motion on three separate grounds: (1) the doctrine of marking estoppel; (2) our decision in Slip Track II; and (3) Metal Lite's litigation conduct. Slip Track Sys., Inc. v. Metal Lite, Inc., No. SA

CV 98-20 AHS, slip op. at 6-13 (C.D. Cal. Dec. 11, 2003) ("Order Denying Motion for New Trial"). For the reasons that follow, we reject each of the grounds upon which the district court relied in granting Slip Track's motion in limine. We consequently vacate the judgment of infringement and damages in favor of Slip Track and remand the case to the district court for proceedings on the issue of infringement.

A. Marking Estoppel

The district court determined that Metal Lite's marking of its product with the '760 and '203 patents estopped it from contesting infringement of the '760 patent under the doctrine of marking estoppel. Specifically, the court determined that the combination of (1) Metal Lite's deliberate marking with the '760 patent from 1994 to September of 1995, while in partnership with Slip Track; and (2) Metal Lite's continued marking with the '203 patent following dissolution of the partnership in September of 1995, justified estopping Metal Lite from subsequently denying infringement of the '760 patent. The district court reasoned that marking with the '203 patent was tantamount to marking with the '760 patent because Metal Lite had argued invalidity of the '760 patent during the priority dispute based on overlapping subject matter with the '203 patent. Order Denying Motion for New Trial, slip op. at 7-9.

At the outset, we note that the parties dispute the continued viability of the doctrine of marking estoppel. We find it unnecessary to address this issue because, even assuming the doctrine remains viable, it does not apply to the facts of this case. "[The doctrine of] marking estoppel, like other varieties of estoppel, should arise only when a consideration of all aspects of a defendant's pertinent conduct makes it inequitable for him to take a position

contrary to his prior statements or actions." Boyd v. Shildkraut Giftware Corp., 936 F.2d 76, 79 (2d Cir. 1991). The doctrine serves to protect the public by cautioning manufacturers that "care must be taken in avoiding misrepresentation to the public that goods are protected by a patent." Smithkline Diagnostics, Inc. v. Helena Labs. Corp., 859 F.2d 878, 890-91 (Fed. Cir. 1988) (quoting Crane Co. v. Aeroquip Corp., 364 F. Supp. 547, 560 (N.D. Ill. 1973)).

It is undisputed that Metal Lite only marked its product with the '760 patent for a period of about one year while in partnership with Slip Track. This marking was deliberate. Indeed, Slip Track consented to the marking. There is no evidence, however, that Metal Lite deliberately mismarked its products during this time. In other words, nothing indicates Metal Lite believed its product to fall outside the scope of the 760 patent's claims when it made the decision to mark with the '760 patent. See Boyd, 936 F.2d at 79 (explaining that "deliberate mismarking" may provide grounds for applying estoppel); see also Crane, 364 F. Supp. at 560 (applying marking estoppel to a licensee who continued marking its product with the licensed patent after designing around the claimed invention). The similarities between the '203 and '760 patents also fail to provide a sufficient basis for applying estoppel. In particular, the record does not indicate that marking with the '203 patent created a risk to the public—that is, a risk of misleading the public to believe the accused product was also covered by the '760 patent—sufficient to warrant application of estoppel.

B. The Decision of the Federal Circuit in *Slip Track II*

Having concluded that the district court erred in its application of marking estoppel, we turn to the court's second basis for granting Slip Track's motion in

limine: this court's decision in Slip Track II.[1] The district court stated that in Slip Track II we determined that, with the exception of the wallboard limitation of the '203 patent, the '203 and '760 patents cover identical subject matter. Order Denying Motion for New Trial, slip op. at 10. The court reasoned that the necessary implication of this is that the claims of the two patents are virtually identical. Id. The district court further reasoned that since Metal Lite made its product pursuant to the '203 patent, it must also infringe the '760 patent. Id.

The district court's decision suffers from two errors: (1) equating the scope of the interfering subject matter with the scope of the claims of the two patents; and (2) equating the scope of the interfering subject matter with the elements of the accused product. With respect to the first issue, although this case involves an interference proceeding filed in district court as opposed to the PTO, we have explained that "the count is not a claim to an invention." In re Van Geuns, 988 F.2d 1181, 1184 (Fed. Cir. 1993). Rather, the overlapping subject matter "of an interference is merely the vehicle for contesting the priority of invention and determining what evidence is relevant to the issue of priority." Id. (emphasis added). The definition of interfering subject matter is not relevant to the separate issue of infringement. Therefore, after determining priority, the district court had an obligation to interpret the claims of the '760 patent in order to address the separate issue of infringement.

After construing the claims, the second step in the infringement analysis requires the court to compare the properly construed claims to the accused product. Markman v. Westview Instruments, Inc., 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc), aff'd, 517 U.S. 370, 116 S. Ct. 1384, 134

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[1] The appeal in Slip Track II concerned the scope of interfering subject matter between the '760 and '203 patents.

L.Ed.2d 577 (1996). In bypassing this step, the district court failed to consider that even assuming virtually identical breadth of the claims of the '203 and '760 patents, Metal Lite's products do not necessarily infringe the '760 patent. In other words, the fact that the accused product was made pursuant to the '203 patent and, under the district court's reasoning, pursuant to the virtually identical '760 patent, does not necessarily mean the completed product actually contains all of the limitations of the '760 patent. In sum, the district court was required to determine the issue of infringement using our two-step analysis of (1) construing the claims and (2) comparing the accused product to the properly construed claims. Id.

C. Metal Lite's Litigation Conduct

The district court cited Metal Lite's litigation conduct as a third reason for barring Metal Lite from contesting infringement. The court noted that Metal Lite's sole defense up until three months before trial was invalidity of the '760 patent based upon priority of the '203 patent. The court also noted that it was not until May 12, 2003, that Metal Lite requested a claim construction, and not until July of 2003 that Metal Lite raised its specific "claims-based theory of non-infringement."[2] Order Denying Motion for New Trial, slip op. at 12. The court found Metal Lite's tardiness in presenting its claims-based theory of non-infringement contrary to the objective reflected in Rule 26 of the Federal Rules of Civil Procedure of "fully air[ing] each parties' theories of the case well in advance of trial." Id. at 13.

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[2] The district court distinguished between invalidity-based and claims-based theories of non-infringement, the invalidity-based theory being premised on invalidity of the '760 patent and the claims-based theory being premised on a traditional non-infringement position.

An evidentiary ruling based on a party's litigation conduct is not unique to patent law, so we apply the standard of review of the regional circuit of the district court. Sulzer Textil A.G. v. Picanol N.V., 358 F.3d 1356, 1363 (Fed. Cir. 2004). The Ninth Circuit reviews evidentiary rulings for an abuse of discretion. Heyne v. Caruso, 69 F.3d 1475, 1478 (9th Cir. 1995). In this case, we conclude that the district court erred in granting Slip Track's motion in limine based on Metal Lite's litigation conduct and that the error rose to the level of an abuse of discretion. We so hold because the record does not support the district court's position that, up until three months before trial, Metal Lite's sole defense of non-infringement was invalidity of the '760 patent.

In its answer to Slip Track's complaint for patent infringement, Metal Lite denied infringement of the '760 patent (Answer and Countercl. at 3) and separately sought a declaration of invalidity (Answer and Countercl. at 9). Metal Lite's delay after that in presenting its claims-based theory of non-infringement is explained by the long procedural history of this case. Until recently in the case, the focus of both parties was on the issue of priority. (Decl. Ronald P. Oines at 7.) This was a logical focal point considering that the issue of infringement would only become relevant in the event the 760 patent was declared senior to the '203 patent.[3] Indeed, it is telling that, as of our remand in Slip Track II, Slip Track had not come forward with its claims-based theory of infringement. Accordingly, we hold that the district court abused its discretion in granting Slip Track's motion in limine barring Metal Lite from contesting infringement.

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[3] This is because Slip Track, as a co-owner of the '203 patent, could not be sued for infringing the '203 patent.

III.

The district court entered judgment of infringement of the '760 patent without having construed the pertinent claim terms at issue. On appeal, Metal Lite argues that under the claim construction it urges, its accused product does not infringe the '760 patent. Slip Track, on the other hand, argues that under its proposed claim construction, the accused product does infringe the '760 patent. Both parties urge us to construe the pertinent claim terms at this time. In view of the relatively straightforward nature of the claim construction issue and the interest in bringing this litigation to a conclusion, we accept the parties' invitation to construe the claims.

The '760 patent relates to a "slotted track" or "slotted header" wall assembly used to alleviate stress on a wall's infrastructure caused by environmental forces, such as earthquakes. Slip Track alleges that Metal Lite's product, a particular slotted track wall assembly, infringes the claims of the '760 patent. The patent contains two independent claims and eight dependent claims. Claim 1 of the '760 patent is representative of the claims at issue and reads:

> A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said assembly comprising:
>
> > a header having a web and flanges with said flanges connected to said web;
> >
> > at least one of said flanges having at least one vertical slot therein;

> a stud having a width less than the distance between said flanges of said header and having a top end;
>
> said stud having at least one hole formed therein proximal to said top end;
>
> said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical slot; and
>
> an attachment means passing through said slot and through said hole to slideably unite said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

The sole claim construction issue relates to the limitation "said stud having at least one hole formed therein proximal to said top end." Metal Lite argues that the prosecution history requires the stud to have a "pre-existing hole," meaning a stud with a hole in existence prior to inserting the stud between the flanges of the header. Slip Track argues that the limitation in no way requires a pre-existing hole and that the claim encompasses assemblies wherein the hole is formed before or after inserting the stud between the flanges. Requiring a pre-existing hole, Slip Track argues, would impermissibly limit the apparatus claim to a product-by-process claim and also would exclude the preferred embodiment.

We agree with Metal Lite that claim 1 is limited to a stud having a hole in existence prior to inserting the

stud between the flanges of the header. Claim construction starts with the language of the claims as understood by one of ordinary skill in the art. See ResQNet.com, Inc. v. Lansa, Inc., 346 F.3d 1374, 1378 (Fed. Cir. 2003); CCS Fitness, Inc. v. Brunswick Corp., 288 F.3d 1359, 1366 (Fed. Cir. 2002); Johnson Worldwide Assocs., Inc. v. Zebco Corp., 175 F.3d 985, 989 (Fed. Cir. 1999). Intrinsic evidence—namely, the specification and, if in evidence, the prosecution history—are also highly relevant to claim construction. See Victronics, Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed. Cir. 1996). One reason "[t]his court . . . considers the prosecution history . . . [is] to determine whether the applicant clearly and unambiguously 'disclaimed or disavowed [any interpretation] during prosecution in order to obtain claim allowance.'" Middleton, Inc. v. Minn. Mining & Mfg. Co., 311 F.3d 1384, 1388 (Fed. Cir. 2002) (quoting Standard Oil Co. v. Am. Cyanamid Co., 774 F.2d 448, 452 (Fed. Cir. 1985)); see also Omega Eng'g, Inc. v. Raytek Corp., 334 F.3d 1314, 1324 (Fed. Cir. 2003) (explaining that prosecution disclaimer does not apply "where the alleged disavowel of claim scope is ambiguous").

In this case, the prosecution history of the '760 patent reveals that the patentee limited its invention to studs having pre-existing holes. Claim 1, as originally drafted, read, in pertinent part, "said stud being aligned with said vertical slot." On March 29, 1991, the Examiner issued a first rejection finding the claim obvious and "indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention." The Examiner specifically asked: "Re: claim 1 . . . line 10, how is the stud 'aligned' with the vertical slot . . . ?" The patentee responded by amending claim 1 to read: "said stud having at least one hole formed therein proximal to said top end; said top end fitting between said flanges perpendicular to said header positioned so that said

hole is aligned with said vertical slot." The patentee also made the following remark accompanying the amendment:

> First, the Examiner's question of how the stud is aligned with the vertical slot has been answered by adding hole 22 proximal to top end 40 of the stud as an element of the claims. The hole 22 serves as a reference point on the stud which is used to align the stud and the slot. This amendment should overcome the Examiner's § 112 rejection based upon indefiteness with respect to claim 1 and the claims dependent therefrom.

This amendment and accompanying statement provide clear and unambiguous evidence that the patentee limited the claim to a stud with a pre-existing hole.

Slip Track's argument that such a construction improperly limits its apparatus claim to a product-by-process claim is unavailing. Our case law makes clear that statements made during prosecution may limit what began as an apparatus claim to a product-by-process claim. See Minn. Mining & Mfg. Co. v. Avery Dennison Corp., 350 F.3d 1365, 1373 (Fed. Cir. 2003); Vanguard Prods. Corp. v. Parker Hannifin Corp., 234 F.3d 1370, 1372 (Fed. Cir. 2000). This is exactly what Slip Track did in this case. By making the above amendment, the patentee overcame the Examiner's obviousness and indefiniteness rejection, but did so at the price of limiting its claim to a product made by a particular process. We also reject Slip Track's argument that our claim construction is wrong because it excludes the preferred method of assembly. This is because, while recognizing the general rule disfavoring a claim construction that excludes a preferred embodiment, the prosecution disclaimer in this case provides "highly persuasive evidentiary support" for our construction. See Vitronics, 90 F.3d at 1583.

In short, we hold that the limitation "said stud having at least one hole formed therein proximal to said top end," means that a hole must be formed in the stud prior to insertion of the stud between the flanges so that the hole can be used to align the stud with the vertical slot before passing the attachment means through the vertical slot and into the stud. In the infringement proceedings that are to follow on remand, the district court is to apply this claim construction.

IV.

In sum,

(1) We affirm the district court's grant of Slip Track's motion in limine precluding Metal Lite from offering evidence on the issue of assignee estoppel. We consequently affirm the district court's judgment on the issue of priority of the '760 patent over the '203 patent.

(2) Because we find error in the district court's grant of Slip Track's motion in limine precluding Metal Lite from contesting infringement, we vacate the district court's judgment of infringement and award of damages in favor of Slip Track.

(3) We consequently remand the case to the district court for further proceedings on the issue of infringement based upon the claim construction set forth in this opinion.

We thus affirm-in-part, vacate-in-part, and remand.

NOTE: Pursuant to Fed. Cir. R. 47.6, this disposition is not citable as precedent. It is a public record.

United States Court of Appeals for the Federal Circuit

04-1070

SLIP TRACK SYSTEMS, INC.,

Plaintiff-Appellee,

v.

METAL LITE, INC.,

Defendant-Appellant.

NEWMAN, Circuit Judge, dissenting in part.

In this exceedingly complex and multi-issued case, I do not discern reversible error in the district court's opinion, and would affirm it in the major respects presented on this appeal.

ENTERED
DEC 11 2003
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SATNA ANA OFFICE

FILED
CLERK, U.S. DISTRICT COURT
DEC 10 2003
CENTRAL DISTRICT OF CALIFORNIA

[ENTERED: DECEMBER 9, 2003]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION
SA CV 98-20 AHS (MLGx)

SLIPTRACK SYSTEMS, INC., etc., et al.

Plaintiffs,

v.

METAL LITE, INC., etc., et al.

Defendants.

ORDER DENYING DEFENDANT'S MOTION FOR NEW TRIAL

I.

INTRODUCTION

Defendant Metal Lite moves for a new trial on the issue of infringement after it was precluded from having a jury determination on the issue of infringement.

The two principals of the parties were once partners in manufacturing "slotted tracks" or "headers" for the construction industry, they held two nearly identical patents for these products, which two patents were issued by the Patent and Trademark Office ("PTO") on the exact same day and which came to the district court essentially as contested, interfering patents. Defendant Metal Lite produced a product which it marked with both patents-in- suit. Despite two appeals to the Court of Appeals for the Federal Circuit concerning the interference disputes, and a parallel state action and appeal regarding the dissolution of the partnership, it was not until the eve of trial that defendant asserted a claims-based theory of non-infringement. Until that point, this litigation revolved around competing claims for infringement based on the validity of each patent, in other words, based on the two interfering patents for the same invention, requiring the trier of fact to decide which inventor had achieved priority by reducing his invention to practice first.

In light of the unique nature of this suit, as already suggested and hereinafter discussed, the Court denies defendant's motion for a new trial as to infringement.

II.

PROCEDURAL BACKGROUND

On October 21, 2003, following jury verdicts in Phases 1 and II, the Court entered judgment in favor of plaintiffs on their claims for interference and patent infringement and entered a declaratory judgment of invalidity and unenforceability as to U.S. Patent No. 5,127,203 ("'203"). The judgment also awarded plaintiff $7,000,000 in damages and issued a permanent injunction

against defendant[4] and its officers from practicing, marketing or distributing the product described in U.S. Patent No. 5,127,760 ("'760").

On October 14, 2003, prior to the issuance of the Court's judgment, defendant filed the instant motion for new trial on the issue of infringement. On October 27, 2003, plaintiff filed opposition thereto. On November 17, 2003, plaintiff replied. On November 24, 2003, the Court heard oral argument and took defendant's motion under submission.

This brief procedural history only offers a glimpse of the twists and turns of this most unusual of patent suits. Plaintiff filed its complaint on January 9, 1998. The complaint asserted claims for infringement of the '760 patent, declaratory judgment of non-infringement, invalidity, and uneforceability of the '203 patent, and most significantly, relief from interference with the '760 patent.[5] The essence of plaintiffs' claims was that the PTO had issued patents for the same invention on July 7, 1992, and thus the issue of priority of invention was the central area of contention between the parties. Slip Track Sys., Inc. v. Metal Lite, Inc., 159 F.3d 1337, 1338 (Fed. Cir. 1998). On April 9, 1998, the Court granted plaintiffs' motion to stay the interference proceedings pending the outcome of the reexamination taking place in the PTO. This order resulted in the first appeal to the Court of Appeals for the Federal Circuit. Slip Track Sys., 159 F.3d at 1339. The Federal Circuit reversed and remanded, finding that the stay was improper. Id. at 1340.

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4 On October 1, 2003, during Phase II of the proceeding, the Court granted defendants' motion for no liability against the individual defendants Thomas Herren and Gene Carpenter.

5 Plaintiffs also asserted related state law claims which have since been dismissed.

In 1996, before litigation commenced in federal court, plaintiff Todd Brady sued Thomas Herren in California State Court for breach of fiduciary duty, declaratory relief, and other related causes of actions. Brady v. Herren, Cal. App. 4 Dist. No. G0272295 (2002) (opinion not certified for publication). That suit arose out of the dissolution of a partnership between plaintiff Brady and defendant Herren which began in April or May of 1994 and abruptly ended in April of 1995. During the course of the relationship, the partnership purchased the '203 patent from its inventor Robert Paquette. Thus, Brady, the inventor of the '760 patent, was a partner in the concern which owned the "203 patent, both of which described nearly identical slotted track products. Following the breakup of the partnership and as a result of the ensuing litigation, plaintiff Brady became a 50% owner of the '203 patent. Id.

After the state trial court found for plaintiff Brady, but before the state appellate court issued its opinion affirming the trial court, holding that Brady did succeed to 50% ownership of the '203 patent, this Court proceeded to enter judgment for defendant on January 24, 2001. The Court determined that the '203' and '760 patents were interfering and that Metal Lite had demonstrated priority of invention. Slip Track Sys., Inc. v. Metal Lite, Inc., SA CV 98-20 AHS (CD.Cal. 2001). As a result, the '760 patent was invalid and plaintiff Brady maintained his 50% share in the '203. This decision gave rise to the second appeal to the Federal Circuit. Slip Track Sys., Inc. v. Metal Lite, Inc., 304 F.3d 1256, 1270 (Fed. Cir. 2002). The Federal Circuit reversed and remanded, finding that genuine issues of material fact existed as to whether Mr. Paquette reduced his slotted track invention to practice first such that the court could determine the issue of priority between the interfering patents. Id. at 1266-1267. Thus, the case was remanded to the district court for a trial on the issue of priority.

On June 2, 2003, the Court granted defendant's motion to bifurcate the trial into two phases. Phase I would address the 61 issue of priority of invention while damages were reserved for 7 I Phase II. The Court commenced the trial on September 16, 2003. On September 26, 2003, the jury returned a verdict which found that Mr. Brady had reduced his invention to practice first and thus the 10 '760 enjoyed priority over the '203 patent. On that date, the Court granted plaintiff's motion in limine to preclude defendant from arguing non-infringement during Phase II of the trial. In accord, the Court denied defendant's Fed. R. Civ. P. 50 motion for judgment as a matter of law for non-infringement of the '760 patent or, alternatively, for claim construction of the '760 patent. On October 2, 2003, the jury returned a verdict for plaintiff in Phase II, awarding $7,000,000 in damages.

III.

DISCUSSION

A. Legal Standard for a Motion for New Trial

The Court may grant a new trial pursuant to Fed. R. Civ. P. 59(a).[6] However, an erroneous evidentiary or legal ruling warrants a new trial only when a party has been substantially prejudiced. See Ruvalcaba v. City of Los Angeles, 64 F.3d 1323, 1328 (9th Cir. 1995). Here, defendant argues that the Court's ruling which precluded it from contesting infringement during Phase II was erroneous and thus a new trial on that issue is appropriate.

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[6] Fed. R. Civ. P. 59 (a) provides that "A new trial may be granted to all or any of the parties and all or part of the issues (1) in an action in which there has been a trial by jury, for any of the reasons for which new trials have heretofore been granted in actions at law in the courts of the United States...."

The Court's decision to deny an infringement trial of the sort defendant now seeks is based on defendant's marking of its product with both the '760 and the '203 patent, the opinion of the Federal Circuit in the 2002 appeal, and defendant's failure to request claim construction or assert a theory of non-infringement other than priority of invention until the eve of trial.

B. Marking Estoppel

The doctrine of marking estoppel is a sufficient ground, in and of itself, to deny defendant's motion for new trial. Marking estoppel is an equitable doctrine that precludes a party who marks its product with a patent number from denying that the product embodies the patent for infringement and damages purposes. Boyd v. Schildkraut Giftware Corp., 936 F.2d 76, 79 (2nd Cir. 1991); Smithkline Diagnostics v. Helena Labs. Corp., 859 F.2d 878, 890-891 (Fed. Cir. 1989). Thus, the source of the Court's authority to apply the doctrine flows from equity and not because the act of mismarking constitutes a judicial admission. While the Federal Circuit has refused to specifically rule on the validity of the doctrine, a variety of courts from across the circuits have applied it to prevent a defendant from arguing non-infringement. High Frequency Prod., Inc. v. Wynn's Climate Syst., 91 F.3d 167 (Fed. Cir. 1996) (declining to rule on doctrine's validity in an unpublished opinion); Elie Lic., Inc. v. Thomas Plastics. Inc., 250 F. Supp.2d 372, 385-386 (S.D.N.Y. 2003).

In applying the doctrine, the Court must look to the totality of defendant's conduct in deciding whether to prevent it from arguing non-infringement. Boyd, 936 F.2d at 79. Thus, if defendant inadvertently marks its product with plaintiffs' patent number, courts are less likely to apply the doctrine than when a defendant deliberately marks its product with the patent at issue. Id. In Boyd, the court

stated that a plaintiff need not identify widespread mismarking to raise an estoppel claim if the use of the patent number was deliberate. Id.

Here, plaintiffs provide advertisements from construction trade magazines as evidence of defendant's mismarking. (Crucillo decl. Ex. 1). Pages 4 through 11 of Exhibit 1 are copies of advertisements from 1994 to September of 1995. During this time, the parties were still partners. Thus, there is no issue over whether defendant deliberately marked its slotted track product with the '750 patent number. Plaintiffs argue that, after "representing to the world" that its product was covered by the "760 patent defendant should not be allowed to argue that it is not.

Defendant asserts that this case is distinguishable from those where marking estoppel has been applied because the marking occurred three years before this suit was filed, occurred only for a short time during the partnership, and was fully authorized. See e.g. Barnett v. Strom, 265 F. Supp.2d 946, 950 (N.D. Ill. 2003). Defendant also contends no court has applied the doctrine against a defendant who has marked its product with its own patent number, in this case the '203 patent.

As noted, this case is not the typical patent suit. None of the cases cited by either party addresses the factual circumstance where two parties, one a patent holder, form a partnership and acquire another patent that is nearly identical to the first patent holder's. Nor is there a case that describes the dissolution of a partnership where the patent holder receives, via a parallel state court suit, a 50% stake in an interfering patent which was issued by the PTO on the same day. These circumstances, however, show why the parties' and the Courts' efforts have been directed primarily to the interference aspect of the case.

Defendant admits that during the partnership Metal Lite marked its slotted track product with the '760 patent. (Crucillo decl. Ex 1 at 4-11). It is equally significant that, after the dissolution of the partnership, defendant marked the same product with the "203 patent.[7] Brady, No. G027295 (holding that the partnership dissolved in April of 1995). Exhibit 1 of the Crucillo declaration demonstrates that the advertisements on pages 11 and 12 are the same, with the exception of the patent number affixed to the product. These advertisements are strong evidence that the Metal Lite product was labeled with either patent number because the product remains the same.

Marking estoppel is not applicable to this case in its "traditional" sense. That is, to prevent a licensee or competitor who marked its product with plaintiff's patent from later arguing non-infringement. Rather, Metal Lite is estopped from asserting non-infringement after the conclusion of the Phase I interference action because it marked its slotted track with *both* patents at issue in the interference suit. Such actions are inconsistent with a product that defendant now asserts does not cover the same claims as the prevailing patent in the priority action.

Here, the jury determined that plaintiff Brady was the first to reduce his invention to practice and thus the '760 enjoyed priority over the '203. Metal Lite cannot later argue that its product, covered by the "203 patent, does not embody the claims of the '760 patent when it marked its slotted track with both patent numbers in advertisements

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[7] Defendant disputes that it is the same product. Metal Lite contends that its product includes "slots for lateral movement on the top of the track, as well as bendable tabs." (Deft mot. at 5). Defendant does not claim that it has modified its product in any other way since it marked its slotted track with the '760 patent in 1994 and 1995.

targeted at potential customers. For this reason, defendant's motion for new trial is denied on the basis of the doctrine of marking estoppel.

C. Federal Circuit Opinion

The parties dispute the significance of the Federal Circuit's opinion in which the court remanded for trial the issue of priority on the interference claim. Slip Track Sys., 304 F.3d at 1265. Defendant correctly argues that an interference count is not the same as a patent claim. Defendant further asserts that nothing in this opinion supports the preclusion of argument on non-infringement because the court never construed the claims as required under Markman v. Westview Instruments, Inc., 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996).

It is undisputed that the Federal Circuit did not construe the claims of the '203 and '760 patents. However, the court did compare the claims of both patents in order to determine the interfering subject matter. Slip Track Sys., 304 F.3d at 1265. Indeed, the court agreed with the district court's conclusion that the "PTO issued two patents for the same invention on the same day." Id. at 1264 quoting Slip Track Sys., 159 F.3d at 1338. The issue before the Federal Circuit was whether the wallboard claim limitation was part of the interfering subject matter. Id. The court stated that "the description of interfering subject matter must be broad enough to encompass the common subject matter of the claims in both patents, in this case, the claims of the '760 patent and the claims of the '203 patent." Id. The Court further noted that in an interference action it is "correct, and necessary, to compare claims, not disclosures, when comparing issued patents under § 291." Id. quoting Advance Transformer Co. v. Levinson, 837 F.2d 1081 (Fed. Cir. 1988).

When comparing the claims of the two patents, the Federal Circuit found that the '760 did not include a wallboard. Thus, the wallboard was not an element of the interfering subject matter, "even though it is a limitation in the claims of the '203 patent." Id. While this quotation does not explicitly state that the two patents are identical, with the exception of the wallboard limitation in the '203 patent, it implies just such a conclusion. The opinion suggests that, because of the wallboard limitation, the '760 patent is necessarily broader than the '203. Thus, after the jury found in Phase I that the '760 was reduced to practice first and enjoyed priority, it became clear that a '203 product infringes the '760 patent. Defendant fails to provide a persuasive argument that such a reading of the Federal Circuit's opinion is erroneous.

It is significant that defendant did not raise any other of the now asserted "many differences" between the claims of the two patents as part of the Federal Circuit's determination on interference. Id. at 1265 n. 3. Defendant did not raise the issues of "bendable tabs" or "pre-drilled holes" to the Federal Circuit because both parties believed, and had thus far contended, that the patents, and products produced, were the same with the exception of the wallboard. (Pltf. opp at 10).

Consistent with this approach, defendant at no point during the five-year life of this case presented expert testimony regarding its proferred claim construction. Yet, any claim construction requested under Markman implicitly contemplates the use of expert testimony to assist the court in construing the claims of the patents-in-suit. Markman, 517 U.S. at 372, 116 S. Ct. 1384.

The Court concludes, therefore, that the holding of the Court of Appeals for the Federal Circuit in the 2002 appeal provides an independent basis to deny defendant's motion for new trial.

D. Parties' Contentions During the Course of the Suit

Plaintiffs assert that because defendant did not raise the issue of non-infringement until the Spring or Summer of 2003, the Court properly foreclosed a trial on infringement in Phase II. Defendant, on the other hand, contends that it has always contested infringement. Defendant's second counterclaim was for declaratory relief of non-infringement. Second Amended Answer ¶ 66. However, the basis for this counterclaim was defendant's assertion that the '203 enjoyed priority over the '760. Nowhere in this counterclaim does defendant allege that the '203 does not infringe the '760 based on the differing claims of the two patents. This perspective of the proceedings also demonstrates that these parties, "as late as June of 2003, viewed this case as one for interference and not infringement.

Defendant admits in the instant motion that it did not specifically ask for a claim construction until it filed the motion to bifurcate on May 12, 2003.[8] Plaintiffs maintain that this request for a claim construction is insufficient and that defendant did not raise its specific theory of non-infringement until it retained trial counsel in July of 2003 and filed its Memorandum of Facts and Contentions of Law

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8 Defendant contends that in addition to its pleading of non-infringement of the '760 patent, it also asserted this defense in its portion of the joint statement prepared for the December 16, 2002, status conference. However, the issue of infringement is stated in the same perfunctory manner as in defendant's pleadings. (Oines decl. Ex. B at 15, 19). Nowhere does defendant assert its specific theory of infringement based on differing claims rather than priority.

in preparation for the Pretrial Conference.[9] This theory is distinct from non-infringement based on priority of invention and emphasizes the absence of claim limitations such as a stud with a hole in it which is a claim of the '760 patent, but not the '203.

The arguments of counsel on September 26, 2003, also demonstrate that Metal Lite believed, until fairly recently, that the case turned solely on priority of inventorship. (Oines decl. Ex. A at 8:21-23). Mr. Plager, counsel for Metal Lite, stated, "It was our hope at the time that the '203 patent would win and therefore infringement would not be an issue." This statement reveals why defendant did not ask for a claim construction or assert a claims-based theory of non-infringement for the first five years of this litigation. The parties were, in this Court, as well as in the state court proceeding, so focused on priority and the ownership of the '203 patent that defendant did not consider back-up arguments and contentions for non-infringement until the Summer of 2003.

Defendant argues that even if it is true that it did not specifically articulate its theory of non-infringement until July of 2003, a trial on non-infringement, or at a minimum, a hearing on claim construction should not be foreclosed. This view ignores the purposes of discovery and the disclosure requirements embodied in Fed. R. Civ. P. 26. Discovery under the Federal Rules, and the meet-and-confer requirements contained in Rule 26 (f) are designed to fully air each parties' theories of the case well in advance of trial. Wright & Miller, 8 Fed. Prac. & Proc. Civ. 2d § 2053. The

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[9] Defendant's theory of non-infringement is addressed in this motion, but was more fully articulated in Metal Lite's Fed. R. Civ. P. 50 motion the Court denied on September 26, 2003. Similarly, Defendant does not offer a claim construction in the instant motion. Defendant's interpretation of the claims may be found as part of its Fed. R. Civ. P. 50 motion.

record prior to defendant's motion to bifurcate and the filing of its Memorandum of Facts and Contentions of Law indicates that defendant's only theory of non-infringement was that the '203 patent had priority over the '760.

Thus, defendant's failure to assert a claims-based theory of non-infringement until it filed its Memorandum of Facts and Contentions of Law provides an independent basis to deny the motion for new trial.

III.

CONCLUSION

Defendant's motion for new trial is denied. As discussed above, the Court precluded defendant from asserting non-infringement in Phase II of the trial because defendant had marked its product with both patents in suit, the Federal Circuit opinion indicates the claims of the '760 patent are broader than the '203, and defendant failed to assert a theory of non-infringement not based on priority until the eve of trial.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Clerk shall serve a copy of this Order on counsel for all parties in this action.

DATED: December 9, 2003.

/s/ Alicemarie H. Stotler
ALICEMARIE H. STOTLER
UNITED STATES DISTRICT JUDGE

ENTERED

OCT 22 2003
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA OFFICE
THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d)

FILED
CLERK, U.S. DISTRICT COURT
OCT 21 2003
CENTRAL DISTRICT OF CALIFORNIA

[ENTERED: OCTOBER 21, 2003]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

SLIP TRACK SYSTEMS, INC., et al.,

Plaintiffs,

v. SA CV 98-20 AHS (MLGx)

METAL LITE, INC., et al.,

Defendants.

FINAL JUDGMENT AND PERMANENT INJUNCTION

This action came on for trial on September 16, 2003 before the Honorable Alicemarie H. Stotler, United States District Judge. The issues having been duly tried before a jury to final verdict, the arguments of counsel and the evidence presented having been fully considered, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

A. On Plaintiffs' Third Cause of Action for Relief from Interference, judgment is entered in favor of Plaintiffs Sliptrack Systems, Inc. and Todd A. Brady and against Metal Lite, Inc. As a consequence, the Court hereby declares that United States Patent No. 5,127,203 is invalid;

B. On plaintiffs' First Cause of Action for Patent Infringement, judgment is entered in favor of Plaintiffs Sliptrack Systems, Inc. and Todd A. Brady and against Metal Lite, Inc. in the amount of the verdict rendered by the jury of Seven Million Dollars ($7,000,000) which includes prejudgment interest;

C. On Plaintiffs' Second Cause of Action for Declaratory Judgment of Non-Infringement, Invalidity, and Unenforceability of United States Patent No. 5,127,203, judgment is entered in favor of Plaintiffs Sliptrack Systems, Inc. and Todd A. Brady and against Metal Lite, Inc.;

D. Metal Lite, Inc. and its officers, directors, employees, agents, partners, attorneys, shareholders, assignees, successors-in-interest, and/or all persons acting in concert with it are hereby enjoined from manufacturing, producing, distributing, advertising, offering for sale, selling, promoting, displaying, marketing, using, and/or importing any header product incorporating a U-shaped track having vertical slots formed in the flanges of the track for the remaining life of United States Patent No. 5,127,760;

E. Metal Lite, Inc. and its officers, directors, employees, agents, partners, attorneys, shareholders, assignees, successors-in-interest, and/or all persons acting in concert with it are hereby enjoined from inducing,

assisting, aiding, and/or abetting any person in any act of manufacturing, producing, distributing, advertising, offering for sale, selling, promoting, displaying, marketing, using, and/or importing any header product incorporating a U-shaped track having vertical slots formed in the flanges of the track for the remaining life of United States Patent No. 5,127,760;

F. Plaintiffs shall take nothing on the remaining claims and causes of action which are dismissed with prejudice; and,

G. Plaintiffs shall recover their costs in the amount of $_____.

Dated: October 21, 2003.

/s/_____
ALICEMARIE H. STOTLER
UNITED STATES DISTRICT JUDGE

United States Court of Appeals for the Federal Circuit

01-1187,-1196

[ENTERED: OCTOBER 28, 2002]

SLIP TRACK SYSTEMS, INC. and TODD A. BRADY,
Plaintiffs-Appellants,

v.

METAL-LITE INC., THOMAS R. HERREN, and
GENE N. CARPENTER,
Defendants-Cross Appellants.

Judgment

ON APPEAL from the UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

in CASE NO(S): 98-CV-20

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED-IN-PART, REVERSED-IN-PART, VACATED AND REMANDED.

ENTERED BY ORDER OF THE COURT

DATED SEP 10 2002

ISSUED AS A MANDATE: OCTOBER 1, 2002

United States Court of Appeals for the Federal Circuit

01-1187,-1196

SLIP TRACK SYSTEMS, INC. and TODD A. BRADY,
Plaintiffs-Appellants,

v.

METAL-LITE INC., THOMAS R. HERREN, and
GENE N. CARPENTER,
Defendants-Cross Appellants.

R. Joseph Trojan, Trojan Law Offices, of Beverly Hills, California, argued for plaintiffs-appellants. Of counsel were Joyce E. Crucilllo; and Paul Grandinetti, Levy & Grandinetti, of Washington, DC.

Mark H. Plaqer, Law Offices of Mark H. Plager, of Placentia, California, argued for defendants-cross appellants.

Appealed from: United States District Court for the Central District of California

Judge Alicemarie H. Stotler

United States Court of Appeals for the Federal Circuit

01-1187,-1196

SLIP TRACK SYSTEMS, INC. and TODD A. BRADY,
Plaintiffs-Appellants,

v.

METAL-LITE INC., THOMAS R. HERREN, and
GENE N. CARPENTER,
Defendants-Cross Appellants.

DECIDED: September 11, 2002

[ENTERED: OCTOBER 28, 2002]

Before SCHALL, BRYSON and GAJARSA, Circuit Judges.

GAJARSA, Circuit Judge.

The parties in this case own interfering patents that teach a slotted header that prevents dry wall from cracking during earthquakes by permitting the wallboard to move up and down. Plaintiff-Appellant Slip Track Systems, Inc. ("Slip Track") owns[1] U.S. Patent No. 5,127,760 ("the 760 patent") and Defendant-Cross-Appellant Metal-Lite Inc. ("Metal-Lite") owns1 U.S. Patent No. 5,127,203 ("the '203 patent"). Slip Track appeals the judgment of the United States District Court for the Central District of California granting Metal-

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1 Whether Metal-Lite is sole owner of the '203 patent is the subject of dispute.

Lite priority of invention. Slip Track Svs., Inc. v. Metal-Lite, Inc., No. 98-20 (CD. Cal. Jan. 24, 2001) ("Final Judgment"). Metal-Lite cross-appeals the district court's dismissal of its cross-complaint for infringement and denial of leave to amend the complaint. We vacate the grant of summary judgment of priority and remand. We also reverse the dismissal of the cross-complaint and affirm the denial of leave to amend the complaint.

BACKGROUND

Slip Track filed a complaint to institute an interference proceeding in district court pursuant to 35 U.S.C. § 291. The parties did not dispute that the patents interfered. The application that led to the '203 patent was filed on February 9, 1990. Claim 1 of the '203 patent states:

1. In a seismic/fire resistant wail structure installed between a floor and a [sic] overhead structural member:

An elongated channel member and a pair of side flanges depending from the base and defining a downwardly opening channel;

A layer of fire retardant material extending along the base within the channel;

A plurality of vertically extending slotted openings in the side flanges at spaced intervals along the length of the channel member;

A plurality of studs extending vertically between the floor and the channel member with upper portions of the studs extending into the channel in alignment with the slotted openings;

fasteners passing through the slotted openings and into the studs to anchor the upper portions of the studs against horizontal movement but permitting relative vertical

movement between the channel member and the studs; and

fire retardant wallboard mounted on the studs and extending from the floor to the channel member.

'203 patent, col. 3, II. 22-43. The application that led to the 760 patent was filed on July 26, 1990. Claim 1 of the 760 patent states:

1. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said assembly comprising:

a header having a web and flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical slot therein;

a stud having a width less than the distance between said flanges of said header and having a top end;

said stud having at least one hole formed therein proximal to said top end;

said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical slot; and

an attachment means passing through said slot and through said hole to slideably unite said header to said, stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

760 patent, col. 4, II. 35-54.

Before the district court, Slip Track presented documentary evidence that it had conceived the invention

in September of 1989. Slip Track contended that it had reduced the invention to practice in October of 1989, when its inventor created its first prototype, made of cardboard ("First Prototype"). Slip Track presented evidence that one skilled in the art who saw the First Prototype would know that the invention worked. While Metal-Lite challenged this assertion, it did not present contrary testimony. Slip Track also attempted to prove, in the alternative, that its inventor had constructed a full metal wall assembly in December of 1989 ("Second Prototype"). Metal-Lite asserted that this evidence was insufficient because it was based solely on inventor testimony and was not corroborated. Metal-Lite relied on its filing date of February 9, 1990 for constructive reduction to practice.

In a tentative ruling on summary judgment motions, the district court found that the patents were interfering and that the inventor of Slip Track's 760 patent, Mr. Brady, conceived the invention on September 18, 1989, while the inventor of Metal-Lite's '203 patent, Mr. Paquette, conceived of the invention between October 11 and 14, 1989. Slip Track Svs., Inc. v. Metal-Lite. Inc., No. 98-20, slip op. at 2 (CD. Cal. Mar. 8, 1999) ("Tentative Priority Ruling"). In the same ruling, the district court found that Slip Track had not reduced the invention to practice before Metal-Lite's February 9,1990 reductionto practice date. Jd. at 2-3. In a subsequent order, the district court ruled in accordance with its tentative rulings, awarding priority to Metal-Lite's '203 patent and granting Metal-Lite partial summary judgment. Slip Track Svs., Inc. v. Metal-Lite, Inc., No. 98-20, slip op. at 1-2 (CD. Cal. July 13, 1999) ("Partial Summary Judgment").

Slip Track appeals the district court's determination of priority. In its analysis, the district court incorrectly applied a clear and convincing evidence standard instead of a preponderance of the evidence standard in determining priority.. It is undisputed that the district court applied the

wrong standard of proof in determining whether Slip Track had reduced the invention to practice prior to Metal-Lite. The parties do dispute, however, whether or not this misapplication was harmless error.

Metal-Lite has filed a cross-appeal concerning two additional issues. First, Metal-Lite asserts that the district court abused its discretion when it denied Metal-Lite's motion to amend its answer and cross-complaint to allege claims of patent unenforceability and unclean hands. On January 25, 1999, the district court issued a scheduling order that required all motions to amend the pleadings to be filed within 60 days. It also provided that discovery conclude on September 30, 1999. During discovery Metal-Lite sought evidence to corroborate its potential claim of fraud on the PTO, and claims to have found it when it deposed the inventor of the prior art, Mr. Gilmour, on September 22, 1999. According to Metal-Lite this was the first time that there was sufficient evidence to assert such a claim. The district court denied that motion. Second, Metal-Lite appeals the district court's ruling that Metal-Lite is collaterally estopped from asserting a claim of patent infringement against Slip Track based on a judgment of the California Superior Court in Brady v. Herren. No. 771130 (Cal. Super. Ct. 1999), which found that Slip Track shares a 50% ownership in the '203 patent as a result of a partnership between the parties. Final Judgment, slip op. at 2 -3.

We have jurisdiction over this appeal pursuant to 28 U.S.C. § 1295(a)(1).

STANDARD OF REVIEW

This court reviews a grant of summary judgment de novo, drawing all reasonable inferences in favor of the non-movant and reapplying the standards used by the district

court. Anderson v. Liberty Lobby. Inc.. 477 U.S. 242, 247 (1986).

Priority, conception, and reduction to practice are questions of law based on subsidiary factual findings. Cooper v. Goldfarb, 154 F.3d 1321, 1327, 47 USPQ2d 1896, 1901 (Fed. Cir. 1998). This court reviews the ultimate issues of conception and reduction to practice de novo. Hybritech Inc. v. Monoclonal Antibodies. Inc., 802 F.2d 1367, 1376, 231 USPQ 81, 87 (Fed. Cir. 1986). Junior applicants in an administrative proceeding must establish prior invention by a preponderance of the evidence and the burden is the same in district court. Environ Prods., Inc. v. Furon Co., 215 F.3d 1261, 1265, 55 USPQ2d 1038, 1041-42 (Fed. Cir. 2000).

We review a district court's denial of a request to modify a pre-trial order under the law of the regional circuit, because it is a procedural issue not pertaining to the patent laws. See Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1574-75, 223 USPQ 465, 472 (Fed. Cir. 1984) ("When we review procedural matters that do not pertain to patent issues, we sit as if we were the particular regional circuit court where appeals for the district court we are reviewing would normally lie. We would adjudicate the rights of the parties in accordance with the applicable regional circuit law."). The applicable regional circuit in this case is the Ninth Circuit, which reviews a denial of a request to modify the pre-trial order for an abuse of discretion. Johnson v. Mammoth Recreations, Inc., 975 F.2d 604, 606 (9th Cir. 1992).

This court also applies regional circuit law to the application of collateral estoppel. See Bayer AG v. Biovail Corp., 279 F.3d 1340,1345, 61 USPQ2d 1675,1679 (Fed. Cir. 2002). The Ninth Circuit has held that the availability of collateral estoppel is a mixed question of law and fact reviewed de novo by the appellate court. Plaine v. McCabe.

797 F.2d 713, 718 (9th Cir. 1986). Federal courts must give state court judgments full faith and credit by applying the preclusion law of the rendering state. Miqra v. Warren City Sch. Dist. Bd. of Educ. 465 U.S. 75, 81 (1984).

DISCUSSION

I. Priority

A. Conception

Conception is the formulation of a definite and permanent idea of the complete and operative invention as it is hereafter to be applied in practice. Burroughs Wellcome Co. v. Barr Labs., Inc., 40 F.3d 1223, 1228, 32 USPQ2d 1915, 1919 (Fed. Cir. 1994). Conception must include every feature or limitation of the claimed invention. Kridl v. McCormick, 105 F.3d 1446, 1449, 41 USPQ2d 1686, 1689 (Fed. Cir. 1997). It turns on the inventor's ability to describe the invention with particularity, and the idea must be sufficiently formed so that only ordinary skill would be necessary to reduce the invention to practice, without extensive research or experimentation. Burroughs, 40 F.3d at 1228, 32 USPQ2d at 1919. Inventor testimony alone is insufficient to prove conception; some form of corroboration must be shown. Price v. Symsek. 988 F.2d 1187, 1194, 26 USPQ2d 1031, 1036-37 (Fed. Cir. 1993).

The district court concluded that Slip Track had conceived the invention as of September 18, 1989. Tentative Priority Ruling, slip op. at 2; Partial Summary Judgment, slip op. at 1-2. Metal-Lite challenges that finding, asserting that the claim of conception is insufficient as a matter of law because the inventor's claim of conception was not corroborated as required by Price. See Price. 988 F.2d at 1194, 26 USPQ2d at 1036-37. In its assertion of the conception date, however, Slip Track does not rely solely on

inventor testimony. Rather, it primarily relies on a set of drawings that Mr. Harris drew for Mr. Brady on September 18 and 20,1989. These drawings indicate how the header allows the wallboard to move freely. Corroboration, while necessary when inventor testimony is relied on for conception, is not a requisite when a physical exhibit is presented as evidence of conception, id. at 1195, 26 USPQ2d at 1037 ("Unlike a situation where an inventor is proffering oral testimony attempting to remember specifically what was conceived and when it was conceived, a situation where, over time, honest witnesses can convince themselves that they conceived the invention of a valuable patent, 'corroboration' is not necessary to establish what a physical exhibit before the board includes." (citation omitted)).

Metal-Lits also contends that there is no evidence that each and every element of the claimed invention was disclosed by Mr. Brady prior to Metal-Lite's October 11-14, 1989 conception date. The drawings, Metal-Lite argues, are not sufficiently detailed in their description of the invention and do not show each and every element of the invention because the wallboard is not shown. In response, Slip Track asserts that the wallboard is not a claim limitation, but rather is in the specification, and therefore Metal-Lite is inappropriately importing limitations from the specification. These arguments are repeated in the context of reduction to practice. We will discuss them at this time.

At the crux of the parties' dispute is really the description of the interfering subject matter in this case. Most interferences arise in the PTO, involve an interference between two applications or an application and one or more patents, and begin with the creation of a "count." The count defines the interfering subject matter and corresponds to a patentable invention. 37 C.F.R. § 1.601(f) (2001). The count may be identical to a single claim at issue or may be broader than the particular claims at issue. Id_. This case, however,

is one of a handful where the interference is between issued patents and arises in district court, where PTO procedures do not govern. Nonetheless, in order to provoke an interference in district court under § 291, the interfering patents must have the same or substantially the same subject matter in similar form as that required by the PTO pursuant to 35 U.S.C. § 135.

This court has not yet had occasion to determine whether district courts handling interfering patent suits under § 291 must define this interfering subject matter in a way similar to a count.[2] In Environ Products, Inc. v. Furon Co., involving a § 291 interference, this court explained that "[t]he parties and the court agreed on the description of the common subject matter that would serve as the basis for determining who was the original inventor," and then cited to the description of that subject matter that was provided to the jury. 215 F.3d 1261, 1263, 55 USPQ2d 1038, 1039-40 (Fed. Cir. 2000). Thus in Environ this court did not need to address this question. In Mycogen Plant Science, Inc. v. Monsanto Co., 243 F.3d 1316, 58 USPQ2d 1030 (Fed. Cir. 2001), this court faced a similar problem in attempting to determine what, in fact, had to be reduced to practice, where there was a priority dispute about whether Monsanto's inventors had first reduced to practice the claimed subject matter of two of Mycogen's patents, jd at 1331-33, 58 USPQ2d at 1042-43. The court there distinguished the

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2 The 1952 Patent Act amended interference law to significantly diminish the likelihood of interfering patents being issued, causing commentator and principal drafter of the 1952 Patent Act, PJ. Federico, to opine that "the . . . occasion for interfering patents will no longer arise, and there will be little or no use for section 291." P.J. Federico, "Commentary on the New Patent Act" 35 U.S.C.A. 1, 57 (West 1954). He appears to have been correct, see Albert v. KevexCorp., 729 F.2d 757, 761, 221 USPQ 202, 206 (Fed. Cir. 1984), this case being exceptional because "the PTO issued two patents for the same invention on the same day," Slip Track Sys., Inc. v. Metal-Lite, Inc., 159 F.3d 1337, 1338, 48 USPQ2d 1055, 1056 (Fed. Cir. 1998).

situation from one arising under § 135 before the PTO, or one arising under § 291 before a district court. It explained:

> This case before us does not fall into either category. It is not an appeal of a section 135 interference proceeding, and it does not involve a section 291 action. Instead, we are comparing two issued Mycogen patents, the '600 and '862 patents, with the work performed by Monsanto's scientists. Without the benefit of written claims for the Monsanto efforts, it is difficult to develop a "count" encompassing both party's [sic] inventions, as would commonly be done in an interference proceeding.
>
> In this situation, it is therefore appropriate to place the focus of inquiry upon the specific claims of the '600 and '862 patents as representing the invention at issue. There claims may then be used to determine whether or not the work performed by Monsanto constitutes a reduction to practice that meets the limitations of the claimed invention.

Id. at 1332-33, 58 USPQ2d at 1043 (emphasis added). Thus, the Mvcogen court, highlighting the import of having a single textual description of the invention for the assessment of priority, assumed that even in district court proceedings under § 291 a description of the interfering subject matter analogous to a count would be developed. While we need not resolve this question in its entirety, it is necessary for us to hold thatgiven interfering patents, a single description of the interfering subject matter is necessary for a determination of priority.

In this case the district court did not define the bounds of the interfering subject matter. There is no dispute that the patents interfere. As this court previously stated, "the PTO issued two patents for the same invention on the same day." Slip Track Svs., Inc. v. Metal-Lite, Inc., 159 F.3d 1337, 1338, 48 USPQ2d 1055, 1056 (Fed. Cir. 1998). There is only a dispute about whether the interfering subject matter includes the wallboard limitation. As the parties in this case dispute only whether one limitation is part of the interfering subject matter, and determination of this issue is dependent upon issues of law alone, we will resolve this issue on appeal.

As with a count in the administrative interference process before the PTO, the description of interfering subject matter must be broad enough to encompass the common subject matter of the claims in both patents, in this case, the claims of the 760 patent and the claims of the '203 patent.[3] This court held in Advance Transformer Co. v. Levinson, 837 F.2d 1081, 5 USPQ2d 1600 (Fed. Cir. 1988), that "interfering patents are patents that claim the same subject matter," and "[i]t is thus correct, and necessary, to compare claims, not disclosures, when comparing issued patents under section 291." id. at 1083, 5 USPQ2d at 1602. Since the claims of the 760 patent do not include a wallboard, and under Advance Transformer, the specification is not relevant to the determination of an interference, the wallboard cannot be an element of the interfering subject matter in this case, even though it is a limitation in the claims of the '203 patent.

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[3] We need not address whether there are separate patentable inventions in this case so as to warrant multiple descriptions of interfering subject matter, as the parties dispute only whether the wallboard is a limitation in the interference.

In sum, we agree with the district court that Slip Track is entitled to a conception date of September 18, 1989. The drawings that Mr. Harris made for Mr. Brady indicate that they had at that time a definite and permanent idea of the invention.

B. Reduction to Practice

The parties dispute whether it was harmless error for the district court to apply the incorrect burden of proof in its analysis of the reduction to practice issue. Slip Track asserts that applying the wrong standard of proof is rarely harmless, error, citing Pullman-Standard v. Swint, 456 U.S. 273, 291-92 (1982), but both parties correctly recognize that because this court reviews de novo a grant of summary judgment, it can apply the correct standard and either remand, affirm, or reverse.

In order to establish actual reduction to practice, the inventor must prove that he constructed an embodiment or performed a process that met all the limitations of the claim, and that he determined that the invention would work for its intended purpose. Cooper. 154 F.3d at 1327, 47 USPQ2d at 1901. Determining that the invention will work for its intended purpose may require testing, depending on the character of the invention and the problem that it solves. Id. "Some devices are so simple and their purpose and efficacy so obvious that their complete construction is sufficient to demonstrate their workability." Eastern Rotorcraft Corp. v. United States, 384 F.2d 429, 431, 155 USPQ 729, 730 (Ct. Cl. 1967); accord Kino Instrument Corp. v. Otari Corp., 767 F.2d 853, 861, 226 USPQ 402, 407 (Fed. Cir. 1985). "The adequacy of a reduction to practice is to be tested by what one of ordinary skill in the art would conclude from the results of the tests." Winter v. Lebourq, 394 F.2d 575, 581, 157 USPQ 574, 578 (CCPA 1968). To prove reduction to practice by inventor testimony, the

inventor's testimony must be corroborated by independent evidence. See Cooper, 154 F.3d at 1330, 47 USPQ2d at 1903.[4]

Slip Track asserts that the district court erred in finding that neither of the two prototypes constituted a reduction to practice. Slip Track highlights the fact that the uncontroverted testimony in the record by those skilled in the art is that based on the prototypes, one would know that the invention would work for its intended purpose. Slip Track argues that the district court could not reject this uncontroverted testimony on summary judgment, where it is required to draw all reasonable inferences in favor of the non-moving party.

1. The First Prototype

Slip Track contends that there was sufficient evidence of reduction to practice of the First Prototype to withstand summary judgment. Slip Track's expert, Mr. Harris, testified that the First Prototype was a reduction to practice and that it would work if made out of steel and wallboard. He indicated that he could use the model to construct the invention and use it in a building. Another Slip Track witness with six years of wall building experience, Mr. Kim, said that when he saw the First Prototype he knew that the invention would work for its intended purpose and that it did not matter that it was made of cardboard. Slip Track argues that because reduction to practice is a question of law with factual underpinnings based on what one of ordinary skill in the art would think, the district court should not have rejected the uncontroverted expert testimony and replaced it with its own view.

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[4] Even if Slip Track was not the first party to reduce the invention to practice, it may still be entitled to priority if it can show that it exercised reasonable diligence in reducing the invention to practice, because it was the first party to conceive of the invention. See Price, 988 F.2d at 1190, 26 USPQ2d at 1033.

Metal-Lite argues that Slip Track did not make a prima facie showing that the First Prototype was a reduction to practice. Metal-Lite claims that neither prong of the reduction to practice test was met, asserting both that the First Prototype did not include all of the limitations of the claimed invention, and that there was insufficient evidence in the record that the invention would work for its intended purpose because the First Prototype was not made of the right materials and it was never tested to see rf it would work. In addition, Metal-Lite claims that the expert testimony was not from one of skill in the art. Metal-Lite's argument that the First Prototype did not include all of the limitations of the claimed invention rests on its assertion that the wallboard is a limitation in the interfering subject matter. Having already decided that the wallboard is not a limitation of the interfering subject matter, we need not further address this argument.

As to the question of Slip Track's experts, Metal-Lite argues that the evidence that Slip Track did put in the record regarding the intended purpose is not relevant because Mr. Harris and Mr. Kim, who testified on behalf of Slip Track, are not experts in the field. Metal-Lite argues that while they are experts in installing drywall, they need to be engineers in order to be skilled in the art of withstanding seismic forces. We do not agree that their testimony is not probative to this issue. As Slip Track explains, Mr. Harris has 40 years of experience in the construction industry and has taught about wall construction and Mr. Kim had six years of wall building experience when he saw the First Prototype. With such experience in constructing walls, the testimony of Mr. Harris and Mr. Kim as to the stability of particular wall constructions is probative on summary judgment, particularly in light of the fact that Metal-Lite has presented no evidence that a formal engineering degree is required to be one of ordinary skill in this art.

a. Intended Purpose

Metal-Lite asserts that the First Prototype could not have been a reduction to practice because first, there was not sufficient evidence that it would work for its intended purpose, second, the prototype was not made of the correct materials, and third, it was never tested. These latter two challenges, with, respect to the materials and the testing, are both subsumed in the first challenge, the question of whether the prototype demonstrated that the invention would work for its intended purpose. Testing is required to demonstrate reduction to practice in some instances because without such testing there cannot be sufficient certainty that the invention will work for its intended purpose. See Scott v. Finney, 34 F.3d 1058, 1062-63, 32 USPQ2d 1115, 1119 (Fed. Cir. 1994). Differences in materials are relevant for the same reasons: they diminish the inventor's ability to recognize whether the invention will work for its intended purpose. For the reasons we describe below, we remand these issues to the district court for consideration under the correct burden of proof and in light of this opinion.

i. Testing

Metal-Lite argues that testing under actual working conditions was necessary to show reduction to practice of a wall assembly invention intended to withstand earthquakes. Slip Track argues that Metal-Lite presented no testimony that the invention would need to be tested for one skilled in the art to know that it would work for its intended purpose. Since there is no evidence refuting Slip Track's experts, Slip Track argues that this court cannot affirm the trial court's judgment and should even reverse and hold in favor of Slip Track.

We reiterate that testing is relevant in that it is evidence of whether the inventor would have known that an

invention is suitable for its intended purpose. "As one of this court's predecessors, the Court of Claims, explained, "the inquiry is not what kind of test was conducted, but whether the test conducted showed that the invention would work as intended in its contemplated use." Eastern Rotorcraft, 384 F.2d at 431,155 USPQ at 730. In Scott v. Finnev. this court explained that "the testing should demonstrate 'the soundness of the principles of operation of the invention.'. The inventor need show only that the invention is 'suitable' for its intended use." 34 F.3d at 1062-63, 32 USPQ2d at 1119 (citation omitted) (quoting Wolter v. Belicka, 409 F.2d 255, 263, 161 USPQ 335, 341 (CCPA 1969) (Rich, J., dissenting), and Steinberg v. Seitz. 517 F.2d 1359, 1363, 186 USPQ 209, 212 (CCPA 1975) (quoting In re Dardick. 496 F.2d 1234, 1238, 181 USPQ 834, 837 (CCPA 1974))). In some cases, where the invention is particularly complicated, the absence of testing may be sufficient in and of itself to justify a grant of summary judgment denying priority for lack of reduction to practice. However, in a case where the necessity of such testing is more uncertain, as in this case, and where there is other uncontroverted evidence that the inventor would have known that the invention would work for its intended purpose, it is inappropriate to grant summary judgment on the basis of lack of testing alone, given the preponderance of the evidence standard. Testing is not itself a requisite for reduction to practice, although it may be a requisite for showing that a prototype demonstrates that an invention is suitable for its intended purpose.

In this case, the goal of the invention was to enhance the ability of walls to withstand environmental forces. The evidence in the record is ambiguous as to what one of ordinary skill in the art would have known about how walls can be improved to withstand such forces. Therefore, we leave to the fact finder the determination of whether testing was necessary to determine that giving the wallboard flexibility to move up and down would improve the

stability of the wall, or whether the mere construction of the First Prototype, in and of itself, was enough to demonstrate to one of skill in the art that the invention would work for its intended purpose without any testing. See King Instrument, 767 F.2d at 861, 226 USPQ at 407 ("Some devices are so simple and their purpose and efficacy so obvious that their complete construction is sufficient to demonstrate workability."); Gordon v. Hubbard, 347 F.2d 1001, 1006, 146 USPQ 303, 307 (CCPA 1965) ("In instances where the invention is sufficiently simple, mere construction or synthesis of the subject matter may be sufficient to show that it will operate satisfactorily."); In re Asahi/America, Inc., 68 F.3d 442, 446, 37 USPQ2d 1204, 1207 (Fed. Cir. 1995) ("[M]ere construction of the restraint coupling is all that is necessary to constitute reduction to practice."). Therefore, in determining whether the inventor at the time the prototype was made would have known that the invention was suitable for its intended purpose, the finder of fact should consider the absence of testing and whether such testing was needed for such a determination.

ii. The Material Change

Metal-Lite argues that the First Prototype could not have been a reduction to practice because the materials were very different and therefore the invention could not have been shown to work for its intended purpose. While the materials used in the First Prototype may have been fairly different from those used in the actual invention, it is necessary to repeat that such a deviation is relevant only to the extent that it indicates that the inventor could not, from the purported reduction to practice, have determined that the invention would work for its intended purpose. In Mahurkar v, C.R. Bard, Inc., 79 F.3d 1572, 38 USPQ2d 1288 (Fed. Cir. 1996), the inventor of catheters created prototypes of a different material in order to test his invention, Id at

1578, 38 USPQ2d at 1291-92. This court found that there had been a reduction to practice:

> [H]e also tested polyethylene prototypes and used them in flow and pressure drop tests in his kitchen. These tests used glycerine to simulate blood. These tests showed, to the limit of their design, the utility of his claimed invention. Dr. Mahurkar designed these tests to show the efficiency of his structure knowing that polyethylene catheters were too brittle for actual use with humans. But, he also knew that his invention would become suitable for its intended purpose by simple substitution of a soft, biocompatible material. Dr. Mahurkar adequately showed reduction to practice of his less complicated invention with tests which "[did] not duplicate all of the conditions of actual use."

Id. (quoting Gordon v. Hubbard, 347 F.2d 1001, 1006, 146 USPQ 303, 307 (CCPA' 1965)). Thus, the court concluded that the substitution of materials did not prevent the inventor from knowing that the invention would be suitable for its intended purpose. The precise question is whether or not the embodiment made of different materials demonstrates that the invention would work for its intended purpose. In this case, there is sufficient evidence in favor of Slip Track on the issue of intended purpose to support a remand of this question, in order for the district court to apply the correct burden of proof. In making this assessment on remand, the finder of fact should consider the impact of the deviations in materials. In addition, while we have held that the wallboard was not an element necessary to meet the first requirement for reduction to practice, the finder of fact may still consider the existence and material of the wallboard in determining whether one of skill in the art

would have determined that the invention would work for its intended purpose upon a simple inspection of the prototype: in this case, to enable the wallboard to withstand environmental forces when placed in the header.

2. The Second Prototype

With respect to the Second Prototype, the district court held that there was insufficient corroborating evidence of the existence of a second prototype, and that if it did exist it was not sufficiently tested to demonstrate that it would work for its intended purpose. Slip Track challenges these conclusions, asserting that in addition to the inventor's declaration and deposition testimony that he made the prototype in December 1989, the record also includes an invoice dated December 14, 1989 for making the slotted track, a confidential disclosure agreement from December 22, 1989, photographs of the Second Prototype, and testimony from the person who made the slotted track, Mr. Benner, all of which corroborate the existence of the prototype. Slip Track claims that the invoice shows that the inventor attempted to license the invention about a week after picking up the slotted track. According to Slip Track, the prototype was delivered to the potential licensee when the confidential disclosure agreement was signed. Slip Track asserts that this is sufficient evidence of the existence of the Second Prototype for it to be entitled to a jury trial on the factual question of its existence.

Given that the wallboard is not a limitation of the interfering subject matter, it remains an open question whether or not the Second Prototype is a reduction to practice. Had the wallboard element been a limitation, the district court's ruling could have been affirmed on the basis of an absence of corroborating evidence as to when the Second Prototype, with all of the limitations, was completed. The invoice, confidential disclosure agreement,

and photographs do not shed light on the question of when the wallboard was attached, and therefore there is no corroboration as to when the wallboard was added. However, the invoice for the construction of the slotted track and the testimony of Mr. Benner, who created the slotted track, may sufficiently corroborate the inventor's testimony as to when the Second Prototype met the actual limitations of the interfering subject matter, which do not require a wallboard. On remand, the district court should consider whether those features of the Second Prototype whose dates have been corroborated- meet the limitations of the interfering subject matter. In addition, the district court should consider, in light of the guidance we have provided earlier in this opinion, whether there is sufficient evidence that the Second Prototype would be suitable for its intended purpose to withstand summary judgment.

II. Amending the Pleadings

As the district court noted, before seeking leave to amend the complaint Metal-Lite had to move that the court modify the pre-trial scheduling order. The district court found that Metal-Lite had not shown good cause for modifying the scheduling order. Federal Rule of Civil Procedure 16(b) states that a scheduling order shall not be modified except by leave of the court and- upon-a showing of good cause. Whether or not the requirements of Rule 16(b) have been met is a procedural issue not pertaining to the patent laws, and therefore regional circuit law applies to this question. See Panduit Corp., 744 F.2d at 1574, 223 USPQ at 472 ("When we review procedural matters that do not pertain to patent issues, we sit as if we were the particular regional circuit court where appeals for the district court we are reviewing would normally lie. We would adjudicate the rights of the parties in accordance with that applicable regional circuit law."). The Ninth Circuit has held that good cause requires a showing that even with the exercise of due

diligence the moving party could not meet the order's timetable. See Johnson, 975 F.2d at 609 ("Unlike Rule 15(a)'s liberal amendment policy which focuses on the bad faith of the party seeking to interpose an amendment and the prejudice to the opposing party, Rule 16(b)'s 'good cause' standard primarily considers the diligence of the party seeking the amendment. The district court may modify the pretrial schedule 'if it cannot reasonably be met despite the diligence of the party seeking the extension.'" (citing, inter alia. Fed. R. Civ. P. 16 advisory committee's notes (1983 amendment))). A district court order denying a request to modify a pre-trial order is reviewed for an abuse of discretion. Id. at 606.

We see no basis for finding this to be an abuse of discretion in this case. Metal-Lite sought leave to amend to assert a claim of fraud on the Patent and Trademark Office. Metal-Lite claims that Slip Track did not disclose an important piece of prior art during the prosecution of the 760 patent. Although Metal-Lite admits that failure to cite a known prior art reference that is later identified by the patent examiner is not sufficient to support a claim of fraud on the PTO under 37 C.F.R. § 1.56(a), Metal-Lite asserts that that act coupled with Slip Track's additional affirmative misrepresentations in Mr. Brady's Rule 131 affidavit support a viable claim of fraud. Metal-Lite claims that the affidavit misrepresented its reduction to practice date and misrepresented Brenner's contribution to his invention in the Rule 131 affidavit, saying that he built the prototype. Metal-Lite claims that it was diligent, but that 60 days was insufficient time for it to meet the requirements necessary to assert a claim of fraud on the PTO, given that litigants are only supposed to raise inequitable conduct once they have established clear prima facie facts in support of it.

Slip Track highlights the fact that Metal-Lite admits that it knew the key facts relating to the alleged inequitable

conduct earlier in the process but did not investigate the issues until 2 years later, because it was involved in the preliminary injunction and summary judgment motions. This is not "good cause" justifying an amendment of a scheduling order.

Metal-Lite has not met its burden of showing that the district court abused its discretion in not allowing it to amend the pre-trial schedule and the pleadings.

III. Collateral Estoppel

Metal-Lite argues that the district court improperly dismissed Metal-Lite's cross-complaint of patent infringement, based upon a non-final decision of the California state trial court. Federal courts are required to apply the preclusion law of the rendering state. Migra v. Warren City Sch. Dist. Bd. of Educ, 465 U.S. 75, 81 (1984). If the proceedings of the state court comport with due process, then every federal court must afford the final judgment entered therein the same preclusive effect it would be given in courts of that state, lei Therefore in this case California law must apply to the collateral estoppel issue here. Under California law, a California Superior Court judgment is not final for purposes of collateral estoppel until final disposition on appeal. Cal. Civ. Proc. Code § 1049[5]; Swaffield v. Universal Ecso Corp., 271 Cal. App. 2d 147, 159 (1969) (interpreting § 1049).

On August 15, 2000, the district court determined that Metal-Lite's cross-complaint for infringement of the '203

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5 California Code of Civil Procedure § 1049 states:

ACTIONS, WHEN DEEMED PENDING, An action is deemed to be pending from the time of its commencement until its final determinaion upon appeal, or until the time for appeal has passed, unless the judgment is sooner satisfied.

patent was rendered moot by the California trial court's ruling on October 5, 1999 that Slip Track is a fifty percent owner of the '203 patent. Metal-Lite appealed the state court's judgment, and judgment has not yet been granted in the appeal. Therefore, the district improperly relied on the state court judgment for purposes of collateral estoppel. Metal-Lite's infringement claims should be reinstated and held in abeyance pending the outcome of its state court appeal.

CONCLUSION

For the foregoing reasons, we vacate the grant of summary judgment granting priority to Metal-Lite, reverse the dismissal of the cross-complaint of infringement, affirm the denial of leave to amend the complaint, and remand for further proceedings not inconsistent with this opinion.

COSTS

No costs.

AFFIRMED-IN-PART. REVERSED-IN-PART, VACATED and REMANDED

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

CIVIL MINUTES - GENERAL

Case No. SA CV 98-20 AHS (EEx) Date July 13. 1999

Title Slip Track Systems, Inc.. et al. v. Metal Lite. Inc., et al.

[Entered July 14, 1999]

DOCKET ENTRY
[I hereby certify that this document was served by first class mail or Government messenger service, postage prepaid, to all counsel (or parties) at their respective most recent address of record in this action on this date.] Date: 7-14-99

PRESENT: Deputy Clerk

HON. ALICEMARIE H. STOTLER. JUDGE

Alicia Mason	Not Present
Deputy Clerk	Court Reporter

ATTORNEYS PRESENT FOR PLAINTIFFS:
None present

ATTORNEYS PRESENT FOR DEFENDANTS:
None present

PROCEEDINGS: (In Chambers) RULING (1) DENYING PLAINTIFFS' MOTION FOR SUMMARY ADJUDICATION ON THE ISSUES OF PATENT INTERFERENCE AND INVALIDITY OF DEFENDANTS' PATENT AND (2) GRANTING DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT AS TO THE FIRST, SECOND AND THIRD CLAIMS OF PLAINTIFFS' COMPLAINT

On January 4, 1999, plaintiffs filed a Motion for Summary Adjudication on the Issues of Patent Interference and Invalidity of Defendants' Patent. On February 3, 1999, defendants filed a Motion for Partial Summary Judgment as to the First, Second and Third Causes of Plaintiffs' Complaint. On February 8, 1999, the parties filed their respective oppositions. Defendants filed their reply on February 12, 1999, and plaintiffs filed theirs on February 16, 1999'. The motions were set for hearing on the Court's February 22, 1999, hearing calendar and were thereafter continued to March 8, 1999.

After oral argument, at plaintiffs' request, the Court permitted supplemental briefing. Plaintiffs filed their Supplemental Brief in Support of their motion on May 12, 1999; defendants filed their Reply to supplemental Brief on May 26, 1999. After due consideration of the foregoing and independent research, the Court rules in accordance with the tentative Ruling issued at the March 8, 1999 hearing, granting defendants' motion and denying plaintiffs'. See also Pfaff v. Hells Electronics Co. . -- U.S. --, 119 S.Ct. 304, 307 n. 2 (1998), citing Corona Cord Tire Co. v. Dovan Chemical Corp., 276 U.S. 358, 383 (1928). Plaintiffs' request for judicial notice is granted except as to Item 4. Instead, the Court adopts, as it must, the opinion of the Court of Appeals for the Federal Circuit in this matter, Circuit Case No. 98-1349, filed September 14, 1998, which states that "[a]lthough the claims of the two patents do not use identical language, the two patents claim identical subject matter. In other words, the PTO issued two patents for the same invention on the same day." Slip Track Systems, Inc. and Todd A. Brady v. Metal Lite, Inc.. et al.. No. 98-1349, at pg. 2, attached as Exhibit A to defendants' objection to plaintiffs' Request for Judicial Notice.

The Court overrules defendants' objections.

The Court has this date modified, signed, and filed defendants' proposed Statement of Uncontroverted Facts and Conclusions of Law. The defendants' proposed Order, lodged on February 1, 1999, is signed and filed this date. Plaintiffs' proposed Statement of Uncontroverted Facts and Conclusions of Law, and plaintiffs' proposed Order, are ordered placed in file, not used.

The Clerk is directed to return to the submitting party all depositions lodged in connection with the hearing on the foregoing motions.

The Clerk shall serve this minute order on counsel for all parties in this action.

MINUTES FORM 11 INITIALS OF DEPUTY CLERK
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Attorneys for Plaintiffs, SLIP SYSTEMS, INC. and TODD A. BRADY

IN THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

[Entered February 28, 1998]

SLIP TRACK SYSTEMS, INC. a California corporation, and TODD A. BRADY an individual,	) Civil Action No.) SACV-98-20)AHS (Eex)
Plaintiffs,	) ORDER GRANTING) COMPLAINT
v.	)
METAL LITE, INC., a California corporation, THOMAS R. HERREN, an individual, and GENE N. CARPENTER, an individual.	))))
Defendants.	)

GOOD CAUSE APPEARING THEREFORE,
IT IS HEREBY ORDERED that

1. Plaintiffs SLIP TRACK SYSTEMS, INC. and TODD A. BRADY's complaint is hereby reinstated, and

2. The Complaint lodged and served on Feb. 19, 1998, is deemed filed and served this date.

IT IS SO ORDERED.

Dated: Hon. Alicemarie H. Stotler
United States District Court Judge

Respectfully submitted,
TROJAN LAW OFFICES

R. Joseph Trojan
Attorneys for Plaintiffs

PROOF OF SERVICE

I am over the age of 18 years, employed in the County of Los Angeles, and not a party to the above entitled action. My business address is 433 N. Camden Drive Fourth Floor Beverly Hills, California 90210.

On 2/19/98, I served:

-[PROPOSED] ORDER RE EX PARTE APPLICATION FOR REINSTATEMENT OF COMPLAINT AND TO TRANSFER CASE TO WESTERN DIV. OF THE CENTRAL DISTRICT

by placing a true copy thereof in a sealed envelope, addressed as follows to:

Donald M. Cislo, Esq.
CISLO& THOMAS LLP
233 Wilshire Blvd., Suite 900
Santa Monica, CA 90401
Fax (310)394-4477

[X] BY MAIL: I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on the same day with postage thereon fully prepaid at Beverly Hills, California, in the ordinary course of business. I am aware that on the motion of the party served, service is presumed invalid if the postal cancellation date or postage meter date is more than one day after the date of deposit for mailing shown on this proof of service.

{X] BY FACSIMILE: I caused a copy of such document to be sent via facsimile machine to the office of the addressee(s) at the phone number shown above.

[ ] BY PERSONAL SERVICE: [ ] (Federal Court): I caused such envelope to be delivered by hand to the offices of the addressee(s); [ ] (State Court): By personally delivering by hand to the offices of the addressee(s).

[X] FEDERAL: I declare, under penalty of perjury under the laws of the United States that the foregoing is true and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on 2/19/98, at Beverly Hills, California.

Michiko Speier

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

04-1070

SLIP TRACK SYSTEMS, INC.,

Plaintiff-Appellee,

v.

METAL LITE, INC.,

Defendant-Appellant.

ORDER

United States Court of Appeals for the Federal Circuit

[ENTERED: FEBRUARY 2, 2005]

ORDER

A combined petition for panel rehearing and for rehearing en bane having been filed by the APPELLEE, and a response thereto having been invited by the court and filed by the APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en bane and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en bane be, and the same hereby is, DENIED.

The mandate of the court will issue on February 9, 2005.

FOR THE COURT,

/s/ Jan Horbaly
Jan Horbaly
Clerk

Dated: February 2, 2005

cc: Mark H. Plager
Joseph Trojan

SLIP TRACK SYSTEMS V METAL LITE, 04-1070
(DCT - 98-20)

Note: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

35 U.S.C. § 112

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in

support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HONORABLE ALICEMARIE H. STOTLER,
JUDGE PRESIDING

SLIP TRACK SYSTEMS, INC., ETC., ET AL.,	)	
PLAINTIFFS,	)	
VS.	)	NO. SA CV 98-0020-AHS
METAL LITE, INC., ETC., ET AL.,	)	
DEFENDANTS.	)	
AND RELATED ACTION.	)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

JURY TRIAL - DAY 6
SANTA ANA, CALIFORNIA
FRIDAY, SEPTEMBER 26, 2003

MARK SCHWEITZER, CSR, RPR
OFFICIAL COURT REPORTER
UNITED STATES DISTRICT COURT
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INDEX

MATTER: Motions in Limine.

Defendants' Rule 50 Motion.

Santa Ana, California; Friday, September 26, 2003

9:17 A.M.

(HEARING HELD OUTSIDE THE PRESENCE OF THE JURY.)

THE COURT: The record will show we are resuming in the matter entitled Slip Track systems versus Metal Lite. The jurors have been excused until Tuesday, and this is Friday morning, and we have counsel present. I have just this morning received plaintiffs' opposition to defendants' Rule 50 motion.

Pursuant to the list of homework that we discussed yesterday, I have been back through the following motions in limine in addition to reading defendants' Rule 50 motion. We had the defendants' motion to preclude the plaintiffs from submitting any evidence to invalidate the '203 patent. I had indicated before that that motion should be denied, and I believe it should stand denied.

We had a motion by the plaintiff to exclude the defendants from offering evidence on the issue of noninfringement. I believe that motion should be granted.

We have a motion by the plaintiffs to exclude the defendants from offering evidence on estoppel issues, assignor, assignee, and/or licensee estoppel. I think that motion should probably be granted, but it may be a moot point.

The plaintiffs have a motion to preclude defendants from offering Mr. Trojan as a witness. That motion should likewise be granted, probably also a moot point.

And finally, a motion by the plaintiffs to exclude the defendants' expert Mr. Brinton on damages. I think that motion should be granted in part but not in full.

This Rule 50 motion, it seems to me, has to come behind consideration of the motion by the plaintiffs to essentially keep the defendants from presenting evidence of noninfringement. So I come to the conclusion that this motion should probably be granted based upon rereading the Federal Circuit opinion in this matter and essentially deeming it the law of the case here.

Since the parties have briefed it and I read those again, there probably isn't much more to be said on it, but I want to let defendants' counsel address that as well as the other motions I have mentioned before we get either back to the Rule 50 or we talk about the damages expert.

So, Mr. Oines, let's start with you. This is actually referenced on our motions in limine tentative ruling going back to September 16th as the plaintiffs' motion No. 15.

MR. OINES: Thank you, your Honor.

Your Honor, if the Court does not construe the claims with respect to infringement, it would be, I think, the first District Court since the Markman case came down in which the Supreme Court said you have to do that. It would be the first District Court that I'm aware of that didn't construe the claims before finding infringement.

THE COURT: Well, that depends how many District Court cases you can find that have an interfering patents case in litigation and then having them result partway through such as we have. I suspect that may be unique.

MR. OINES: It probably is, your Honor. But the interference proceeding did not construe the claims of the patent.

THE COURT: Of course.

MR. OINES: The interference proceeding -- and I'm talking about the Federal Circuit's decision about the reduction of practice and the interference issues.

The Federal Circuit's opinion did not even address, did not even have it before it likely, the accused product or how it's used in the world. That's the issue of infringement.

Moreover, as a matter of law, the interference count that the Federal Circuit found did not include wall board, doesn't have anything to do with what the claims of the patent are with respect to infringement. And we cited several cases towards the end of our Rule 50 motion to that effect. The interference count is not an invention of either party. The interference count defines interfering subject matter. It's more broad than the claims.

The Federal Circuit found that the interfering subject matter did not include wall board, even though the '203 patent does include a limitation of wall board.

Now, I guess I'm just -- I don't know if there's a case other than the Federal Circuit case in this opinion itself that your Honor's relying on because there aren't any that the plaintiffs are relying on because they haven't cited any cases other than conclusory statements about what the Federal Circuit held in this case. But what the Federal Circuit did in this case was it ruled on reduction to practice. It stated that the interfering count does not include wall board. That's all it stated.

The Federal Circuit didn't address any issue dealing with infringement either by a Metal Lite product compared to the '760 patent or a Slip Track product compared to the '203 patent.

Your Honor, your tentative ruling would essentially mean that based on what the Federal Circuit held regarding reduction to practice, that Federal Circuit also held that the '760 patent is infringed by Metal Lite's slotted track. That cannot be.

The Federal Circuit did not decide that. And I submit that the Federal Circuit didn't need to address anything about infringement because it was not asked to address anything about infringement.

In 1995 the U.S. Supreme Court confirmed, if there was any doubt before that, that the District Court has to construe the claims of the patent before any issue of infringement is sent to the jury. And as your Honor may be aware, in most cases or certainly in many cases, once the claims are construed, there really isn't much of an issue of infringement because usually there's not that big of a difference of opinion as to what the product does, what the process does.

In this case there were statements made, during the prosecution of the patent, that your Honor has been instructed by the United States Supreme Court to consider and give meaning to. And I submit that you can't ignore those amendments made. You can't ignore the arguments made by the patent attorney. And you can't ignore the prosecution history estoppel that applies in this case. And again, that's another U.S. Supreme Court case, the Festo case, that I think your Honor's ruling would grossly violate.

THE COURT: Well, we all know what Markman and Festo have to say in a straightforward patent infringement case. And this just isn't it. And the Federal Circuit seemed to be very clear about the only dispute having to do with that wall board limitation. I agree with you, it sorted that out. And it told us there were triable issues on the reduction to practice. And we've come back and sorted that out.

When you look at all the agreements and the concessions and the admissions and the testimony here, all along we've been talking about the same thing. So I guess we should put the question in reverse. How can it be that what is made pursuant to the '203 is not infringing the '760.

MR. OINES: Your Honor, that absolutely can be the case. That absolutely can be the case. You have to look at every patent and read the claims of the patent on whatever you're accusing infringes. And again, the Federal Circuit didn't say here's what the '203 patent means. Here's what the '760 patent means. The Federal Circuit said here's where they interfere on a broad sense. And we're saying it doesn't include wall board.

Well, if you follow your Honor's reasoning, if the '203 patent were asserted against someone, your reasoning would lead to a conclusion that you can find infringement under the '203 patent even if there's no use of wall board by that infringing building construction assembly.

THE COURT: I don't follow that at all.

MR. OINES: The Federal Circuit found that the interfering count did not include wall board. So the interfering count is more broad than the '203 patent, at least because the '203 patent does include wall board. Okay? But if someone were to assert infringement of the '203 patent

toward an alleged infringer, just because the Federal Circuit said the interference doesn't include wall board, you would have to still show that that infringer was using wall board to infringe the '203 patent. Now, the '203 patent doesn't contain the hole in the sublimitation that our motion is all about. The '760 patent does.

And, your Honor, another thing to consider about the Federal Circuit's opinion that makes it clear that the Federal Circuit wasn't construing the claims for purposes of, you know, whichever patent wins interference, now what will happen when whoever goes to assert that patent, who infringes and who doesn't, the Federal Circuit didn't decide that.

And the --as more evidence of that, as the Federal Circuit says, when defining the count, we're not going to look to the specification of the patent. We're going to look at the claims. Well, your Honor, as we know, you have to look at the specification of the patent to construe the claims. You also have to look at the prosecution history of the patent to construe the claims. That's what Markman says. That's what Southwall says. That's what Hockerson says. That's what Festo says. I mean, the Supreme Court has told all of us, all the judges and all of us that do patent infringement litigation, that you have to construe the claims.

And I submit that if you follow your tentative ruling, these claims will have never been construed, and yet you will be finding that these defendants have infringed without really any court ever deciding that issue.

And maybe a related point is to explain, because this has never been explained other than in our papers, and that is the plaintiffs have never, until about a week before trial, even stated what their infringement position was. They never stated which claims they asserted were infringed.

They never stated whether it was direct infringement or infringement by inducement or infringement by contributory. They never stated whether it was literal infringement or under the doctrine of equivalence.

They finally have done that in response to our papers. But to give you an example, they are claiming that they assert direct infringement. It's impossible, as a matter of law, for them to find direct infringement in this case because, as your Honor will recall from looking at the '760 patent, claim 1 and all the claims in the patent are more than this piece of slotted track. It's a building construction assembly, which does include that piece of slotted track, but it's a whole assembly. It doesn't include wall board.

Our client, setting aside whether there's slotted track infringement or not, only sells that slotted track. So the only conceivable infringement is contributory or inducing infringement. They sell it. Theoretically they could be liable for inducing infringement If they actively induce someone to make that building assembly in a certain way that would be covered by that patent. Theoretically they could be a contributory infringer if they meet the legal requirements of that statute, 271(b). One is inducement, and one is contributory.

So again, I -- your Honor, I have to submit that if you -- if you stick with your tentative, I think it violates the Supreme Court's mandate in these cases. And the federal -- I mean, the Federal Circuit case is unique because you have an interference in a District Court. And as the Federal Circuit says itself, usually interference claims are in the Patent Office.

Well, when the Patent Office does an interference and defines the interfering count, that doesn't define what the winning patent will be in terms of a later assertion of

infringement. Why should that happen in this case? Just because it's in the District Court.

THE COURT: Because there's a whole lot of evidence plus the Federal Circuit opinion that says it's all one and the same.

MR. OINES: It's not, your Honor, the count. What the Federal Circuit was defining was the count for purposes of the interference.

Now, if you look to the end of our motion, and this is at page 16 down near the bottom. And I'm quoting from a Federal Circuit case. The count of an interference is merely the vehicle for contesting the priority of invention and determining what evidence is relevant to the issue of priority.

Continuing with the same case. The count is not a claim to an invention. These are both from the In Re: Van Geuns case, G-E-U-N-S, 988 F.2nd 1181 at 1184.

Citing from another case, indeed, quote, the count might and need not be patentable to either party. And that's the Winter case.

And then the next point I made in our brief is I invite the Court to look at the plaintiffs' trial brief because when they spend two or two and a half pages discussing why we can't assert infringement, they don't cite a single case. They don't cite a single piece of secondary authority.

I submit that finding that the determination on the interference part of the case somehow prevents us from arguing noninfringement would be unprecedented and not supported by any case that I'm aware of and, in fact, would

be in violation of Markman, Festo, and all the Federal Circuit cases we've cited.

THE COURT: Well, I certainly would agree with you, if there was no record, no evidence, no stipulations, no agreements, no admissions, and not two Federal Circuit opinions.

MR. OINES: What are these stipulations or agreements? I don't understand what those are.

THE COURT: Well, if we had a lot of time, I guess we could sort through the whole record, but they have been cited by the plaintiff. So maybe I should just let them respond.

MR. OINES: Thank you, your Honor.

MR. TROJAN: The reason why the interference is important to infringement is because the parties have admitted that they make the products that are pursuant to the patent. Each patent. And, in fact, on that point, normally -- well, I'll do it the long way first because that's the way he was doing it. They currently say we make the product that's described in the '2 03 patent.

Their patent claims are not at issue. It's what the '760 patent claims are. The '760 claims has -- is - has shorter claims. It has fewer elements. It just has the stud, the track on top, and the slot with the screw going through and saying it would slide up and down. Okay.

That is -- that's essential to the '203 patent as well. So they make, while you would have to have additional elements to infringe the '203 patent, the Paquette patent, you don't have to have additional elements to infringe the '760 Brady patent.

And so that's why the '760 patent is infringed, when they agree that they have all the elements that are recited in the count, because those elements correspond to our claim. And there is a relationship between a count and a claim because you have to have claims in your patent that are to the same subject matter.

Now, that's the complicated way of telling the story. The story is actually much simpler. And I would like to -- I'm going to move Exhibit 75 into evidence in its entirety. We'll be submitting that, at least for purposes of motions here.

Throughout this exhibit is -- are admissions of Metal Lite. This is Metal Lite's advertising. I was hoping to have the Elmo. We don't have it. But on the very first page, it's Metal Lite, and at the very top of the page, it shows our patent number. This is patent number 5127760. So this was at a time when we were in a joint venture with them, and throughout all of their advertising, they advertised that the product they were selling, the same product that they sell today, was covered by our patent. They didn't dispute that. Throughout this exhibit there are numerous - these are walls and ceilings advertisements with Metal Lite's ads advertising the Slip Track product.

THE COURT: Wouldn't your position be the same even if it said the '203 patent number?

MR. TROJAN: Well, that's true. That's true. We just have to take that additional step of showing that our claims are the simpler claims that read on the count.

And then even when we were not partners, here's an ad on Exhibit 7515, where we were no longer partners because the partnership was always indicated below. And this was after the partnership dissolved in June of 1995.

And it shows that -- it shows them continuing to use our patent number in that ad.

Then additionally, bringing us more recently up to date, advertising that Metal Lite puts out. This is Exhibit 229-1 and 229-2. On the first page, it's easier to see on the second because it's a blowup of a shot on the first page. And it shows a hole in the stud, the track with the slots, and the screw with little arrows indicating that you put that screw through that hole in that stud, which is exactly, you know, they are saying well, is that contributory infringement? You bet, because that's teaching to do it exactly as that claim says.

And why I'm pointing this evidence out as well is to explain why they are estopped from asserting infringement, because it is an estoppel type argument, is because nobody disputed infringement before. We all agreed on this particular issue, and it wasn't raised in discovery. It wasn't raised by the parties before, because everybody knew that this is what people were doing in the real world in the industry. They were advertising it exactly as that claim read. There wasn't any point to it.

THE COURT: I think what you're saying to defendants is that even though they have disputed formally in their pleadings and otherwise in discovery about infringement, in fact, the admissions of the defendants that they make the product and in the exhibits that you just pointed to, essentially it is a factual resolution adverse to the defendants irrespective of what they may have placed in issue in their pleadings or their discovery responses; is that right?

MR. TROJAN: Yes.

THE COURT: Because just now you said infringement was never disputed. And I think that would not be totally accurate.

MR. TROJAN: Well, I think it's been disputed recently. I mean, certainly there was original pleading denying infringement, you're correct, absolutely. But in the process of this --as this case has gone through the process, that's not been an issue.

So, you know, I believe that the Court's decision is correct. Throughout counsel's argument, when he kept on referring to the wall board and the claims in the '203 patent, and that's not what's at issue. It's not the claims in the '203 patent that are at issue. It's their product, and the fact that they agree that their product covered -- was covered by the count and the count corresponds to our claim.

And you know that's all along we've all been agreeing because that count -- that count is a subset of their claim.

THE COURT: As a practical matter, you have referred us to some exhibits which sound as though the plaintiffs wish to make a record either for this motion or before the jury, I gather, for purposes of damages as opposed to proving infringement, then, or why are we looking at 75 and 229?

MR. TROJAN: Well, because it would -- it shows that these are admissions that --of infringement. Because they are saying their patent's covered, and it perfectly describes in their diagrams how to make the product, and so this --we intended to use these for infringement if we had to

go to trial on it. But if -- but also I think it's relevant to this particular motion as well.

THE COURT: Let me understand the plaintiffs' proof that remains if infringement is precluded, that is to say, proof of noninfringement by defendants is precluded.

MR. TROJAN: Then at that point it would just be a damages case. We would put on -- we would purely put on evidence of damages.

THE COURT: And that does not include these exhibits just referenced, 75 and 229?

MR. TROJAN: I don't think so.

THE COURT: All right. With respect to that issue, let's have plaintiffs conclude on the point of the infringement argument, preclusion or estoppel, let the defendants respond to that, and then I'll ask Mr. Oines to respond to the other motions pending.

MR. OINES: Thank you, your Honor. As I think your Honor recognizes, the statement that infringement has never been at issue in this case is absolutely false. The defendants denied infringement in their answer. They have a counterclaim for declaratory relief for noninfringement. Every time they were asked in discovery about infringement, they denied infringement, including in response it a specific request for admission.

I don't know where counsel gets his information when he tells this Court that noninfringement has never been an issue or that infringement has never been an issue.

The fact that someone puts on a product advertisement, and first of all, counsel is talking about

infringement or noninfringement here. They are not talking about claim construction. The fact that someone puts on a product brochure or on a product this patent --or this product is covered or this product may be covered by patent numbers X, Y, Z, I mean, when IBM puts out a computer product, they probably list, you know, 20 or 30 patents sometimes in their literature.

Various portions of this may be covered by these patents. Those are not judicial admissions of infringement. And, in fact, you oftentimes have licensees under a patent who will then sell a product that says this product is covered by the such-and-such patent. And then you'll have a dispute between the patent owner and the licensee, and there will be a lawsuit about whether what the licensee wants to sell is infringing. That happens all the time.

That licensee, because he put on the product or the brochure that this product is or may be covered by the such-and-such patent, does not preclude him from arguing that the patent either is invalid or that it doesn't infringe the patent. That happens all the time.

There's never in the history, I'll submit, never in the history of District Court, Federal Circuit, or United States Supreme Court, never been, putting a notice about a particular patent on a product or product literature, that that somehow is a judicial admission of infringement of that patent. And again, I mean, we're going to infringement issues now, not claim construction, but I have to address it.

There's no doubt, there can be no doubt that what Metal Lite sells does not directly infringe the patent. Again, it could conceivably induce infringement or contributory infringement, but they put the notice on that patent because they want to protect themselves. They want to notify the

world that this product, when used in certain ways, may be covered by a patent or two patents.

You know, I'm sure Slip Track, when it sells products did say they may be covered by the '2 03 or whatever. In fact, I know they do because I've seen it.

Now, if the '203 patent were the surviving patent here, and setting aside the issue of the fact that they own half of the '203 patent, but if they didn't, let's say Ms. Paquette owned the '203 patent entirely. Would they agree that by putting the '2 03 patent on one of their products, you know, they are judicially estopped from asserting noninfringement of the '203 patent? Yes.

Now, they probably say quite sure we'd agree to that. But the point is you will not find a case, and plaintiffs haven't cited one, that putting a notice of a patent on a product or product literature constitutes some sort of judicial admission or raises some sort of estoppel regarding asserting noninfringement. It just doesn't exist.

THE COURT: What we're looking at are the facts in this case, and while I don't think looking at Exhibits 75 and 229 is all that helpful, it simply goes to point up what the defendants have agreed all along, which is they make the same thing. They may claim they make it under the '2 03 or the '760, but once they make those admissions, I don't understand what we have left to try.

I think it might be helpful if you could explain the disagreement you must have with the plaintiffs about what this circuit discussion about an interference count has to do with the claims because it seems to me that the Federal Circuit went through this analysis and seemed to rely upon the claims that we have here and then proceeded to

interpret the one area dispute that the parties had. And so that might be helpful.

MR. OINES: They interpreted the dispute for the purpose of defining the interference count.

THE COURT: Yes.

MR. OINES: The Federal Circuit specifically said the interference count is broader than the claims. And that's what other Federal Circuit cases say. The Federal Circuit in this case didn't even look to the prosecution history of the patent.

THE COURT: So you're saying that it's totally disconnected, the count and the claims?

MR. OINES: Yes.

THE COURT: And where does it say that? Or tell me some law that says that.

MR. OINES: The law we've cited that I went through that's at the end of our brief, the law that says – the law that says the count of an interference is merely the vehicle for contesting the priority of invention and determining what evidence is relevant to the issue of priority. The count is not a claim to an invention.

THE COURT: Right. And so-

MR. OINES: The count is not the claim.

THE COURT: Nobody's saying it is. I'm trying to still understand how, with this kind of evidence that we have and this opinion, that there's room to say the

defendants' products are not infringing. It's really that simple.

MR. OINES: Your Honor, the Federal Circuit did not even look at any products.

THE COURT: I understand that. I'm not saying they did.

MR. OINES: And as you know, you compare the claims of the patent as construed by the Court with the prosecution history and the specification, you compare that to the product to determine infringement. In an interference proceeding, you're comparing patents, and you're trying to find, you know, it's the diagram. Where do they intersect? Here's where. It's broader than each of them individually.

If we are not entitled to assert noninfringement, then there is going to be a published District Court opinion finding infringement without the claims ever being construed, without the prosecution history ever being looked at, and without the specification of the patent even being considered to decide what this claim covers.

THE COURT: Because on the facts of this case, the defendants admit that they make the product covered by the '760 patent.

MR. OINES: And I just addressed that, your Honor, that that is not a judicial admission of infringement. That was at a time when Metal Lite was a partner with Slip Track and they both -- they had both patents, '760 and '203, locked up -

THE COURT: What's the "that" you're referring to? Are you talking about these two exhibits that Trojan's referenced?

MR. OINES: Yes, the exhibits that were raised by plaintiffs' counsel.

THE COURT: That's not really the proof that we're talking about.

MR. OINES: What are the admissions or the agreements that we have made about infringing the '760 patent?

THE COURT: That the company makes the patent - excuse me, the product under the '203 patent.

MR. OINES: The '203 patent is not the one we're being accused of.

THE COURT: Right.

MR. OINES: And again, again, even if we at one point had a product literature that said we sell a slotted track and we put on the top of the document, we just list the patent by number, again, there is no authority for the proposition that that's some sort of a judicial admission of infringement or estops anyone from asserting noninfringement. It happens all the time.

THE COURT: You've already told me several times that Metal Lite admits that they sell the slotted headers.

MR. OINES: Correct. They sell slotted track. What they don't do is -- I mean, we haven't even gotten to the claim construction argument yet, which I would like to get into. Because again, the United States Supreme Court has said the public at large is entitled to rely on the claims, specification, and prosecution history to determine what the patent means and how to design around it.

THE COURT: And the public is entitled to know which patent has priority, and that's what this whole case has been about from day one; right?

MR. OINES: That is what the Federal Circuit decided, yes, and that's what the parties focused on at the Federal Circuit because that's all that was at issue.

But the issue of infringement has never been addressed. That's why, you know, we've been trying for months to get the plaintiffs to tell us what their infringement case is. And they have just been trying to steam roll all along with this argument that, oh, you've always admitted infringement. And you'll recall, when we were here at the pretrial conference, counsel said we intend to file a motion in limine tomorrow because this is a new argument. They have never asserted noninfringement.

So what do we do? We file an opposition that says here's the truth, your Honor. Deny in the answer, counterclaim, specifically denied in discovery, we have no new documents, new witnesses, they have all been produced long ago in the case. It's merely the patent and the prosecution history.

They couldn't point to a single thing that we've done that supposedly violates our obligations under the discovery rules, where there's initial disclosure or what. There's not a single thing. They can't identify it.

Now, if you're going to tell us that we can't assert noninfringement because we've all been focusing on interference, don't you have to back up and say wait a minute, it's your burden to prove infringement? Don't you, have to disclose your infringement case?

They didn't ever do that until we brought up the issue of infringement, and they still tried not to until finally they realized we better address these claim construction issues because they are pretty serious. And I submit to you that if we can look at the claim construction issues, there's only one interpretation of this patent you can come to. And I can tell you what it is. It's that this building construction assembly requires a stud that has a little hole in it at the top. That hole has to exist before you put a self-tapping screw in it because it is used as a reference point to align the stud with the slot.

THE COURT: Let me ask you to back up here. Don't we all agree that we had to sort out the priority first?

MR. OINES: Yes. And if the '203 patent won, we would have been talking about a '203 infringement case but for the fact that Mr. Brady owns half of the '203 patent. So he can practice the '203 invention.

Another point, your Honor, because again, the Federal Circuit and the U.S. Supreme Court constantly say this over and over again, that the patent itself and the prosecution history, which is referred to as the intrinsic record of the patent, that is the set of publicly available documents that the public can rely on.

Now, if you find that we can't assert noninfringement and essentially by default construe the claims as covering our product, you are also eliminating anyone else who is not a party to this case, you are eliminating their opportunity to say what the Supreme Court says they can do, which is look at the patent and the prosecution history and see how to design around the patent.

THE COURT: Why is that?

MR. OINES: Because there's going to be a holding in this case that a piece of slotted track infringes the '760 patent. And I submit to you that under the proper claim construction, it does not. And that's -- you know, I'm more than happy to go to trial in front of the jury on a case of infringement in this case. But the claims need to be construed first.

THE COURT: Well, of course, our mutual happiness is not the concern. The question is what is the correct legal answer here. And it just seems to me that we've got ships passing in the night about what you want to talk about in front of the jury. The defendants are pleased to stand on the state of the pleadings basically, and I certainly agree with you, the answer, the requests for admissions deny infringement. That makes a lot of sense to have proceeded that way.

But when you look at the agreement from day one that these two patents cover the same invention, they cover the same subject matter, that's why they are interfering. And because they are very much the same with the exception of the wall board, which the Federal Circuit sorted out for us. And then you have replete record with admissions that yes, we make the same thing, whether we say it's under the '760 or the 203, then I'm not sure what's left for the jury to sort out.

We can do the claim construction, if you want to go through the exercise, but it's pretty much a foregone conclusion.

MR. OINES: I just don't understand how that can be the case. If we go through the claim construction and construe these claims, as they need to and have to be

construed under the Federal Circuit and Supreme Court's mandate, there won't be any infringement, and it will be a waste of time to have the jury here.

Now, going back to the interference count. Again, the Federal Circuit has decided nothing other than the interference count didn't include wall board. The Federal Circuit did not address anything having to do with infringement.

THE COURT: And nobody says they did. We all agree.

MR. OINES: Then how can we not assert noninfringement? That's their whole point. What the Federal Circuit did in this case prevents us from asserting noninfringement. How can that be?

THE COURT: Coupled with the fact that the defendants agree that they make the product covered by the patent.

MR. OINES: Your Honor, again, putting a patent number on a product or a piece of product literature, if that's some sort of judicial admission –

THE COURT: It is not.

MR. OINES: Okay. Then what is the point of referring to that piece of evidence by counsel?

THE COURT: I don't know.

MR. OINES: I don't get it. I don't get it. If putting a patent on a product is a judicial admission of infringing that patent, then everyone's going to stop putting numbers on their products, patent numbers on their products, even

though the patent system wants you to mark your products if you think, you know, it's covered by your own patent or is covered by a patent that you're a licensee under.

THE COURT: I suppose the plaintiffs' counsel thought that it was in the nature of probative evidence tending to show that the defendants thought they were making a product pursuant to the '760 patent.

MR. OINES: Well, if we want to construe the claims of the '760 patent and then proceed on the issue of infringement and introduce that evidence and introduce all other evidence they have of infringement, let's do that. But we need to construe the claims first. That's our point.

THE COURT: All right. Well, I think we've covered this one pretty well.

Let me let the plaintiffs' counsel respond once more, and then I'll ask you to go ahead and address the other motions in limine.

MR. OINES: Your Honor, I'm sorry, and if you want me to be done, I'll be done. But can I go through the claim construction argument, or do you not want me to?

THE COURT: I've read it several times now. Thank you.

MR. OINES: Thank you.

MR. TROJAN: There is a difference between challenges to validity and challenges to infringement. If you are a licensee and you mark the patent, you are definitely entitled to, if after the license terminates, to go and challenge the validity of that patent. But the fact that you licensed the patent and wanted to make that product

according to those claims is extremely probative of whether you, in fact, infringed that product.

That's -- all of the issues of licensee estoppel that the Supreme Court said no, the public policy is in favor of licensees being able to challenge validity, that was not with respect to infringement. That was with respect to them challenging the validity of the patent. And the exact reason why they like to, after they get terminated, challenge the validity of the patent is because they want to make that thing. They know that what they had before was infringing. That's why they took the license. Now they are challenging validity. So the patent will go away. So they can continue to make it without infringement.

THE COURT: That was very interesting, but why are we hearing this argument now?

MR. TROJAN: Oh, just because it goes to the whole idea that they, in fact, the exhibits I cited, Exhibit 75 definitely is relevant to this issue and probative on the fact that they make the product under the '760 patent.

THE COURT: Right. It's not the plaintiffs' contention that it's a judicial admission, I take it?

MR. TROJAN: Okay. I -- right.

THE COURT: Defendants have argued, the plaintiffs could not send, that having the '760 number on these advertisements constitutes a judicial admission. Is that the plaintiffs' position?

MR. TROJAN: I believe it could rise to the level of judicial admission. I'm hesitant only because I haven't had an opportunity in the last 24 hours to study that since we got their brief.

But basically the only other issue I wanted to address was they are trying to say that we never -- it was our burden to prove infringement. The infringement is extremely simple. Everybody always agreed they make a slotted track with the header, with the screw going through the slot into a hole. And it was only recently. We kept on saying well, how can you not infringe this? And this was only very recently that they came up with this idea that we needed to have a predrilled hole. And they wanted to insert into the language the word "predrilled."

THE COURT: Preexisting.

MR. TROJAN: Preexisting hole. And when you look at the file history on that particular issue -

THE COURT: I did.

MR. TROJAN: Right. The examiner was only interested, well, how does it align? And it aligns with the hole. It wasn't when do you put the hole in.

And they are essentially admitting, even in their argument, that yeah, once the hole is there, we infringe. It's just that we don't have the hole there originally.

THE COURT: Well, maybe you need to express the plaintiffs' position with regard to the defendants' contention, with which no one can argue, and that is that Markman says what it says about construing claims, and Festo says what it says about some kind of estoppel. And we need to go through that exercise here, I guess, just to make the record complete and carry out our duties under Markman.

MR. TROJAN: In considering the state of the case, I don't think it's necessary, but I have no objection to going

through that process to satisfy counsel because I think it's very clear that his estoppel argument is simply wrong. And I did not have the -- my associates faxed the brief to the Court and opposing counsel and also to our hotel, and the hotel apparently claims they never received it. And so I haven't seen that brief. So I may repeat myself. But I would like to, if we move into that, then I'd certainly like to address those points.

THE COURT: No, I'm asking the plaintiffs' response about why we shouldn't go through a Markman hearing, and I know your answer is, given the state of the record and where we are in the case, we don't need to do that.

MR. TROJAN: But we certainly could go through that. I mean, it's a fairly simple question that they are asking. Is it a preexisting hole or not. And they are inserting a word into a claim. This was a structure claim. It was not a method claim.

THE COURT: Yes, that's what the reply brief to the defendants' Rule 50 motion from plaintiff does say. I have seen a copy even if you have not.

MR. TROJAN: Okay. I.

THE COURT: My question is do you want to go through that exercise?

MR. TROJAN: I think that probably, to create the record, that that would be a useful thing to do.

THE COURT: All right. And you just made your argument. Let's let Mr. Oines go through his. Keeping in mind I have read it in several places.

MR. OINES: Thank you, your Honor.

THE COURT: You have a chance, however, Mr. Oines, to reply, I guess, to the plaintiffs' response to the Rule 50, which has the arguments that Mr. Trojan just referenced with regard to process versus product, and you are welcome to make those responses that you'd like to make.

MR. OINES: Thank you, your Honor, I will.

And I won't go through step by step the prosecution history because your Honor's indicated you read it. But I submit to you, it's not -- it's not about inserting the word "preexisting" into the claims. It's about interpreting the claims based on what happened in the prosecution of the patent.

There was a rejection by the Patent Office, which usually happens over 95 percent of the time, a patent is first rejected.

The patent examiner rejected the language that says -- it rejected the whole patent, but it asked a specific question regarding indefiniteness. It says these parts of your claims as filed are indefinite. I don't know what they mean.

And the language that the examiner was talking about was said stud being aligned with said vertical slot

And then another language, with said passage aligned with said stud.

The examiner specifically asked with respect to those two pieces of language how is the stud aligned with the vertical slot? I'm rejecting you on indefiniteness grounds because I don't understand that.

A patentee -- and all the cases say this. A patentee can argue and try and keep those claims or can give them up and come up with new ones and tell the examiner why the new claims get over this indefiniteness rejection. That's what they did. They almost came up with a new claim, but it's an amendment to the original claim, and that's on page 7 of our brief. And they said our claim now will read: Said stud, having at least one hole formed therein proximal to said top end, said top end fitting between said flanges perpendicular to said header position so that said hole is aligned to said vertical slot.

So what does that mean? Well, in my view that means you've got to use the hole to align the stud. But if there's any doubt as to what that language means, you look to the arguments and explanations made by the patentee through his patent attorney. And what did they say? They are responding to the previous rejection. They are saying examiner, we understand you didn't understand our earlier language. Here's our new language. And here's why it gets around your indefiniteness problem.

And this is a quote from the patent -- from the argument of counsel that goes along with this new claim.

"First, the examiner's question of how the stud is aligned with the vertical slot has been answered by adding hole 22." And that's a reference to a drawing in the patent. "With a hole in the stud, proximal to top end 40 of the stud as an element of the claims."

The next sentence, following as an element of the claims, the next sentence says, "The hole 22 serves as a reference point on the stud which is used to align the stud and the slot."

Now, you have to give meaning to that language. If you don't, you are ignoring Southwall, you are ignoring Hockerson, you're ignoring Festo. You're ignoring every case from the Federal Circuit that says you have to give meaning to this language when a patentee tries to define or limits the scope of their claims. This is the public record that the public is to rely on.

And then they go on to say this amendment should overcome the examiner's 112 rejection.

Now, I ask you, and I ask counsel, if you use that hole as a reference point on the stud -- well, let me quote it directly. "The hole serves as a reference point on the stud which is used to align the stud and the slot." There is only one meaning that can have. And you'll notice in all the papers plaintiffs filed, they have never taken this language head on. They have never even addressed it. Why is that? Because there is only one interpretation of that.

So all their cases that talk about -- in fact, in their latest brief, for the first time they said well, it's really ambiguous, you know, these amendments. But they don't talk about the language and how it's ambiguous. If it's ambiguous, if that's true, which it's not, it's your Honor's duty to decide what it means.

But I submit it's not ambiguous. And they haven't offered a different explanation for what that can mean. How do you use the hole as a reference point to align the stud in the slot if the hole's not there before you put the screw in.

See, I mean, I don't want to get to the infringement side of it yet. All we're talking about is what do the claims mean.

THE COURT: Why don't you go there for just a moment so I understand the direction of this.

MR. OINES: For the infringement? Certainly. No one in the industry, including people who use Metal Lite's track, have ever built this building construction assembly with a stud with the hole in it that they use as a reference to align the stud in the slot. How do they do it? This actually came out in Phase 1. They do it with a telephone tapping screw. The stud has no hole in it. You take the stud, you put it up there, you put the screw in it with the telephone tapping screw, and you're done with it.

There was never a hole in that stud that was used as a reference point to align the stud with the slot. There's only one meaning that language can have. And I think that's why plaintiffs have never addressed this language, and I invite them to address it now, because there's no other meaning.

And a lot of the cases that the plaintiffs have cited and we say in our brief, we say they are not on point. Why are they not on point? They are applying the same rules that we're talking about. They go the other way on the issue.

Why? Because they say we don't believe the patentee said anything or did anything that explicitly defined or limited the claims as the infringer claims they did. They also go on to say, in all of the three cases that they cited in their trial brief, that we responded to in our Rule 50 motion, all three of those cases, the Federal Circuit specifically said moreover, the examiner made statements during the prosecution history that is consistent with the plaintiffs' interpretation. In other words, even the examiner understood that the plaintiff wasn't limiting the claims as the defendant says they did. Okay?

What happened in this case? After this rejection, amendment of the claim and explanation about using the hole with a reference, et cetera, to put it into the slot, after that, the examiner again rejected all the claims, this time based on the Gilmour patent. And we saw Mr. Gilmour here in Phase 1. Rejected them all.

What did the examiner say? And this is on page 8 of our brief. The examiner went on to talk about what Gilmour has that's the same as the '750 patent and what Gilmour doesn't have that the '750 patent does have. And I've put this in bold on page 8 of our brief. And reading just the bold part. Gilmour, paren 345, end paren, discloses substantially all of applicant's claimed limitations except for the stud having at least one hole aligned with the slot.

Gilmour didn't have the hole. The examiner is saying okay, that's one of the differences between the '750 and Gilmour. So in this case we have specific statements made that are subject to only one interpretation. And we have the examiner showing that he understands that.

He understands now that, you know, how the stud is aligned. He understands that the hole is part of the claims. That's how it's different from Gilmour. What happens now is irrelevant to this exercise because Mr. Brady swore behind the Gilmour reference, and so that went away as a piece of prior art, and that's not relevant to what we're talking about here.

What's important is that the examiner understood the exact argument we're making now. And again, the cases, the Supreme Court and the Federal Circuit both say, and, in fact, if you look at the cases that we cite that are on point, there was specific language that the Court found, defined or limited the claims, and in most of them, there's

also another, you know, moreover, the examiner found that as well.

And then they will point to some language from the examiner saying -- which indicates that the examiner agreed there was such a limitation. So that's why the cases we cite are directly on point. The cases they cite, I admit they are on point to the extent they are applying the same principles and the same rules, but the facts of those cases are not the same.

In some of them, for instance, the first case they cited in their brief, the Court -- the Court said defendants' have not even pointed to any specific language in the prosecution history to support their claim for limiting the claims. Obviously that's not the case here.

Can I close by responding to their opposition which I received last evening.

Their first point, I'm not sure if they even want to make that point -- maybe they do -- that it's premature to make that Rule 50 motion. If your Honor is not inclined to grant the Rule 50 motion which is inclined to interpret the claims as we've proposed, that's fine with me. I do think it would be a colossal waste of everyone's time if you construed the claims as we have indicated they have to be construed and then we all came back here and talked about infringement. Because you'll also see in the plaintiffs' papers that they have never denied our statement that if we're right on the construction, there is no infringement.

Again, in their brief, which responded to our Rule 50 brief, they do not take on the language that I just went through. They don't. They are afraid to. They won't because there is no other meaning that that language can have. And we're not -- it's not, you know, I don't want

counsel to come back up and say we're inserting words in the claims and you can't do that. We're not. We're using the prosecution history to interpret the words in the claims, which is what the Supreme Court says we have to do.

On page 4 of their brief, they talk about, you know, they talk about dictionary definitions of positions and aligned. That's extrinsic evidence. But, I mean, I don't know why those dictionary definitions have anything to do with this anyway, but you go to the claims and the prosecution history, and you see -- all we're saying is to interpret these claims, you have to rely on the --on that statement in the prosecution history, and that amendment made, to infringe, you have to use that hole in the stud as a reference point to align the stud with the slot.

And counsel can say, you know, these are product claims. They are not method claims. They are not process claims. That misses the point. Because the cases that say we're not going to import a process limitation into a product limitation, all they are saying is we didn't find that there were statements made in the prosecution history that require us to have a process claim and a product claim.

In one of the cases they cited, the Court did not require a particular product to be made by a co-extrusion process simply because they found that the patentee had not so limited the claims.

But the Federal Circuit also looked to the fact that there was another claim in that patent that specifically said -- it was a dependent claim, and it specifically said this claim will be limited to this thing being made by the co-extrusion process. So there's another principle of patent law that says well, if you have a claim that limits it to co-extrusion, and that limitation is not in your other claims, then it would be

improper to read it into those other claims. That's not an issue here.

There's another thing that plaintiffs have never disputed because they can't, and that is this argument applies to every single claim of the patent. Because there's two independent claims, they all have the language. It applies to all of them. And by the way, the original claim of which we talk about in our brief is gone.

So whatever plaintiffs may have said, you know, back then, that maybe they wanted their patent to cover a stud with a hole or without a hole, but all that's left is with a hole. And that was made clear by the amendments. The deletion of some claims, and then the arguments to the patent examiner.

And then on page 5, they talk about the doctrine of prosecution disclaimer. I think they are talking about prosecution history estoppel. I haven't heard it called prosecution disclaimer, actually, in my lifetime. And they cite to -- a 1940 case is the first case they cite.

The Supreme Court just had a seminal decision on prosecution history estoppel, the Festo case. We have to look at the Festo case. And they cite some of the Festo case. And they cite to the Festo case regarding the general proposition that, you know, doctrine of equivalence is a good thing because if people just come up with tiny little differences, maybe you still want to have infringement. But the part of Festo they ignore is the part that's key to this case and why Festo was really decided by the Supreme Court.

No one ever disputed and the Supreme Court didn't even address whether prosecution history estoppel was going to go away. What the Supreme Court affirmed from the Federal Circuit is that, number one, it applies to any

amendment made for purposes of patentability. So it doesn't matter if it's to overcome prior art, or it doesn't matter if it's to overcome an indefiniteness rejection under 112, which is the case here. Festo also confirmed.

Festo, the Supreme Court disagreed with the Federal Circuit on the second big point, which was the Federal Circuit said once you have that prosecution history estoppel, we want certainty. And so you can't assert infringement under the doctrine of equivalence at all, period. We're not even going to look at the amendment you made or the argument you made to try and understand what you gave up. We're just going to say you can't assert any infringement under the doctrine of equivalence.

THE COURT: Yes, but that was the nice, clean, bright line the Supreme Court did not approve of.

MR. OINES: That's correct. So you look to the amendment made and the arguments made. We're following Festo here. And so what is the amendment made and the argument made? We just went through that. It's subject to only one interpretation. Now, Counsel, I don't know how they can say that this is not a limiting amendment because Festo does -- it applies to a limiting amendment. This is a limiting amendment because if we're right, people who use our product don't infringe because there's no hole. If we're wrong, then maybe they do infringe. It is by definition a limiting amendment if we're right.

If it's not a limiting amendment, and, in fact, the claims would have been or should have been or could be interpreted as they were first stated in the way that we're arguing so that there's no limiting going on, well, they can't make that argument because then there was no infringement even of the original claims.

So we are, you know, following the Supreme Court step by step by step, doing exactly what the Supreme Court says we have to do.

I just wanted to point out, again, the cases they cite still, it's the same thing. They are applying the same principles. But they are just finding for whatever reason, and if you read the cases, it makes sense. There wasn't in that particular case a limiting statement made. And there was in that particular case a statement by the examiner indicating that, in fact, the examiner didn't think a limiting statement was made.

Again, the opposite of this case.

The Paul case at the top of page 7, that was vacated and remanded in light of Festo. It's no longer precedent.

THE COURT: Yes, we have one of those, too. It's making it's way back up.

MR. OINES: And Amgen, Van Guard, and Cordis, we already addressed those in our Rule 50 motion because those were ones they filed in the trial brief. Again, if plaintiffs say we didn't really fully analyze them, and therefore, you know, we're trying to, you know, slip something past the Court.

Your Honor, I implore you to fully analyze these cases because you will find that it's simply a matter of applying these principles, and the cases will find that there was a definition or a limitation during prosecution on some circumstances and not in others. But when you have a statement, an amendment like you have in this case that can only be subject to one interpretation, and you have the examiner adopting that in a statement, adopting what we're saying has to be the interpretation, you can't ignore that. It

can't be ignored. It would violate the Supreme Court and a whole stack of Federal Circuit cases.

THE COURT: I recall that the plaintiffs have argued that the defendants have, in fact, ignored claim construction of this sort until very late in the litigation. What was the defendants' response to that?

MR. OINES: Your Honor, how can we construe the claims when we don't know what claims they are asserting in the case? Do we just assume they are asserting them all and we do a claim chart? Your Honor may be aware that the Northern District of California has a self-executing claim construction process that happens relatively early in the case. Why is that? Because claim construction is a fundamental part of every patent infringement case.

THE COURT: How does that answer my question about why the defendants were content to ignore claim construction until very recently?

MR. OINES: Your Honor, we don't know what claims they were asserting. We didn't know if they were asserting district infringement, contributory infringement, we didn't know if they were asserting literal infringement or infringement under the doctrine of equivalence.

THE COURT: And what was the Interrogatory that was propounded to ask about it, if any?

MR. OINES: They didn't.

THE COURT: No, I'm asking what defendants asked of plaintiffs.

MR. OINES: I don't know if they ever did. They may have. But, you know, that is what it is. There was no

violation of the discovery rules here. They can't point to it. They blatantly said, you know, we violated Rule 26 in our discovery obligations, and it's never been asserted. Well, when we showed them that in fact it was asserted all along and we denied it in response to an RFA and every other opportunity that was given to us when they asked us for discovery, you won't find an admission of infringement, believe me, in any discovery in this case.

THE COURT: But my question is will I find a contention that claim construction was an issue that had to be decided? And the answer is no.

MR. OINES: I'm sorry. I want to understand your question.

THE COURT: The defendants have never come forward until the last few months to say we need to have this big hearing to sort out the claim construction and to sort out infringement issues.

MR. OINES: I don't believe that's true, your Honor.

THE COURT: I'm asking.

MR. OINES: Okay. I believe it was addressed in connection with the motion to bifurcate this trial; is that right? And I believe it's in the order. Well, I don't know if it's in the order, but my understanding of the issue of claim construction as raised at least in the briefing in this case. I mean, the order does say the infringement part of the case will follow Phase 1. If we were all just going to assume that there's infringement if the '760 wins on Phase 1, why did we even contemplate a Phase 2?

THE COURT: Well, infringement could have gone either way except for the fact of the 50 percent ownership of

the '203. So presumably one side or the other was going to win the priority contest. The other side was going to be the infringer, and then the damages calculation would ensue except for the fact that it turns out Mr. Brady is on both sides of the '203 patent anyway. So it would be a moot point since they can all practice the invention.

MR. OINES: But the only issue is '760 infringement, even when your Honor issued that order. And you won't find anything in any of the papers where the defendants agreed that there will be infringement once the interference proceeding was decided.

THE COURT: That's not my question. My question is where along these proceedings lo these many years have the defendants been saying we need to find out what claims were accused of infringing, and more to the point, we need to have claim construction.

The plaintiffs have said all of this is a new invention because new counsel came into the case. That seems to be accurate.

MR. OINES: Again, I believe the request or the statement to the Court that claim construction would have to take place was made in connection with the briefing of the motion to have the case bifurcated.

THE COURT: That may be true.

MR. OINES: I wasn't involved at that time.

THE COURT: But we're only talking a few months ago.

MR. OINES: We're talking May, I think. But my view is both sides have focused on the interference part of

the case all along, and that makes sense because that was the issue that was decided by your Honor and went to the Federal Circuit and came back down on remand. But none of those things happening changes the pleadings, changes the burden on plaintiff to prove infringement. I mean, you won't find a case where -- where it was -- where an interference proceeding was held, whether in the Patent Office or the District Court, and the patent with priority was decided, and that act prevented one or the other party from having to prove its infringement case. Or prevented the District Court from having to construe the claims. There is no such case.

THE COURT: There is no case like this one, period.

MR. OINES: I agree with you, your Honor, but there are a lot of cases out there about what an interference is and what we have to do in an infringement case, and the Supreme Court has told us what we have to do. And, you know, again, I said this earlier. With all due respect, if you don't construe these claims and we decide whether there's infringement or not, this would be unprecedented. It would certainly be the first case I'm aware of where there's a finding of infringement and the claims were never construed.

With all this precedent that we've read and are aware of, what is the Federal Circuit going to say when it gets a record and there's a finding of infringement, and the Federal Circuit's going to say okay, well, where's the claim construction.

THE COURT: The Federal Circuit could say there's no need to construe it because everybody agreed the defendants are making the infringing product.

MR. OINES: Again, when did we agree to that? It has never been agreed to. It's been denied at every -

THE COURT: Even today you have stood at the lectern and told us the defendants make the slotted headers.

MR. OINES: We make a slotted track product. That's a tiny little piece of claim 1 of the '760 patent. We can get it out and look at it. We looked at it all during Phase 1. Claim 1 has about six different parts. The slotted track is a tiny little part of it. We don't build building construction assemblies or sell the parts for building construction assemblies except for that piece of slotted track. Now, if Mr. Brady had a patent that said I claim a piece of track with slots in it, that would be a different matter.

That's not what this patent is. He didn't get that patent. He wouldn't have been able to get that patent. But all of that is irrelevant anyhow.

THE COURT: So the answer to my question about when the defendants first started asserting that we needed to have claim interpretation ala Markman goes back to May of 2003 at the earliest.

MR. OINES: The papers would have been filed probably in April.

MR. PLAGER: I'll address the Court. I was the attorney on that motion, your Honor. As you recall, when I filed the motion pursuant to rule 42(b), we had a hearing on that day when your Honor was trying to determine how would the bifurcation work. And we had gone through it, and we said your Honor, we have the interfering patent. Depending on which patent wins, there may be an issue of infringement, or there may not be an issue of infringement. It was our hope at the time that the '203 patent would win

and therefore infringement would not be an issue. However, we said if the '760 won, you would have to do a Markman, and I even cited that in my brief, saying the claims needed to be construed before we determine infringement.

At some point I had the belief that the Court was going to construe the claims in order to have that continuous jury, your Honor. It was raised as best as I could. And maybe I was not articulate. Maybe your Honor and I didn't communicate as best as possible, and that's why we're here.

But it was raised, and I did put it in my footnotes, and I knew claim construction was going to be a necessary issue if the '760 patent did prevail in the interference portion of the case. I mean, an interference count and a patent claim are not the same. And that was -

THE COURT: You're going beyond your limitation, Mr. Plager. I understand you're telling me about the history of the case, and I think you're agreeing with the plaintiffs that it only came up at that point or maybe that stage of the proceedings which basically seems to me to be a fairly recent development, and I don't understand that these parties, during the time discovery was open, were out having experts give us their intelligence regarding patent interpretation. We had some of the skilled in the art business, but I don't think we had patent interpretation experts and the usual things we have when a Markman hearing is where we're headed. So I don't doubt that you mentioned it. I'm sure your representation is correct.

MR. PLAGER: Your Honor, with regard to discovery, plaintiffs' counsel did inquire as to infringement. With regard to the RFA's, we denied it. With regard to their Interrogatories, they were after No. 35. So we objected to it.

They then propounded a second set related to infringement after the discovery cutoff. Again, defendants objected. Never were required to provide a substantive response.

At each time plaintiffs did ask regarding infringement, they were in violation of one of the discovery rules, at which time defendants -- and I can bring to the Court or submit to the Court defendants' responses objecting to it for the reasons under the discovery rules and pursuant to this Court's order that discovery be served 45 days in advance of the discovery cutoff, which plaintiffs' counsel failed to do when they served the second set asking Interrogatories and requests for admissions related to infringement.

It was addressed. It was known.

MR. OINES: And can I just address one point. Because the reason I brought up the Northern District rules is because this is essentially how it should happen, whether it happens self-executing in the Northern District or it happens pursuant to Responses to Interrogatories or whatever, or a court order at some status conference.

The first step is -- and this is in the Northern District rules -- the plaintiff obviously, because it's the plaintiffs' burden to prove infringement, the plaintiff identifies the claims it's asserting. The plaintiff identifies its proposed claim construction of any, you know, issues that it thinks -- on particular language that are going to exist. And provides the defendant with its infringement case, its allegations.

THE COURT: I know all of that. I've looked at the Northern District rules. And I know how it's supposed to work. This case remains odd and unique. Go ahead.

MR. OINES: Yes, so my point is why should the defendants be prejudiced, severely prejudiced because the plaintiffs never took it upon themselves to state their infringement case. We didn't have anything to respond to. We didn't know what their infringement case was.

Now, we -- I mean, I guess we could have -- and by the way, we did propose claim construction before the plaintiffs ever told us what their claim construction would be or even what claims they are asserting. Why? Because we finally realized they are never going to tell us. They are never going to tell us. They are going to try to small roller in here and say we don't even get to assert noninfringement.

THE COURT: All right. We're going to have you take a seat and let the plaintiffs respond briefly on the timeliness question, and then we'll take a recess.

MR. TROJAN: On the timeliness question?

THE COURT: Yes.

MR. TROJAN: It came up first time when they were bifurcating, and when they denied infringement, they had a duty to explain their answer why they were denying - denying a request. They are supposed to explain, and they never explained at all why they were denying. We did miss the 45 days by one day, and so they refused to answer. There was the 35 Interrogatory limit, but there were three defendants. And so they just at every -- those chances -- and then Mr. Herren refused to show up to his deposition. And we put that in our papers explaining the entire history, and the evidence showing that we repeatedly ask for his deposition.

We gave multiple dates, and Mr. Jeffrey Sheldon literally sent a letter saying I'm not producing it. And it was

within the discovery period. So finally we just noticed it and said look, if you don't want a date, if you're not going to give me a date, then I'm just going to notice it, and you're going to have to show up. And then they didn't show up, and we took a nonappearance. And so they, you know, it's just like unheard of.

So I didn't have a chance to depose them on that issue. And I didn't feel an obligation to, you know, go and pursue it. I felt okay, you suffer the consequences.

And so there were opportunities, but certainly I didn't -- I didn't pursue it. You try to compel it, because they just absolutely refused. And we filed a brief on that exact subject when they had listed Mr. Herren in the - for the first phase, and then they decided not to use him in the first phase. But we were opposing that because we would have filed a motion in limine originally if we knew he was going to try to argue on the first phase.

So does the Court --he has raised -- challenged me to answer certain questions.

THE COURT: Go ahead.

MR. TROJAN: Okay. We always have to start with the claim language itself, and the wording of the claims, the critical words, said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned to said vertical slot.

And then their client saying that this was modified when the statement was made and when that language as added. First, the examiner -- the examiner's question of how the stud is aligned with the vertical slot has been answered by adding hole 22 proximal to top end 40 of the stud as an element of the claims.

This is the stuff they say limits that.

The hole 22 serves as a reference point on the stud which is used to align the stud in the slot.

So they are saying the fact that it is used as a reference point because the hole, when you're putting on -- the hole and the slot line up. So it is a reference point. And they are saying this argument would make sense, and it would be a valid argument if there had been a piece of prior art that was -- that the examiner had cited where it didn't have a predrilled hole. Let's say it only had self-tapping screws, and so therefore, he was saying well, you - you can't get that patent because a self-tapping screw already preexists. And then I was saying well, no, because we have -- we're better than that because we put a hole in it so that you can line it up when you're doing the assembly. Okay?

Then that wouldn't even be a patentable distinction because the patent itself teaches both methods in column 3. But that's the kind of thing that would create a file history estoppel.

And so we would have been estopped because someone else would have had the self-tapping before, and we somehow invented something better because we had a hole that was predrilled. And then it would make sense.

But the -- they are trying to say that no, this reference point, this wording is somehow a method for making it, describing the order in which the product's put together, and that's not what the examiner was asking. He was asking in this product claim you've submitted to me, I'm confused about how, you know, how it lines up. And so then showing that, that's how it gets fixed.

And then they put much stock into the examiner's statement with respect to Gilmour. I'm sorry, your Honor. Well, I'm not -- well, the point is that they go and cite to what the examiner came back and said with respect to Gilmour, and all the examiner said, all the examiner said was he quoted the alignment. He said the Gilmour had all the following, and he said the stud having at least one hole aligned with the slot.

The examiner wasn't relying upon the statement made in prosecution that said oh, this is a reference point for the slot. He was simply going and saying I know that I have a product claim in front of me. And I'm only describing the physical product, that there is at least one hole aligned with the slot.

And he's not saying --he didn't say anything about preexisting or reference point.

THE COURT: I'm sorry. What is the language about the Gilmour patent again?

MR. TROJAN: Well, their argument is that -

THE COURT: I know what their argument is. I'm asking what it is that you're referring to in the prosecution history.

MR. TROJAN: Oh, in the prosecution history, there was a first office action to which the hole was added. Then there was a second office action. And in the second office action, the examiner cited to Gilmour.

THE COURT: Right.

MR. TROJAN: And by that point, the hole had been added. And so the examiner then commented on what

Gilmour had in -- and he was going through the claim and saying well, it also has a stud having at least -- Gilmour has a stud having at least one hole aligned with the slot. And he says so you have to overcome that. So he wasn't --he wasn't relying upon -- this is at page 8 of their brief.

THE COURT: I'm going -- I want to go by the prosecution history. Just a moment.

MR. TROJAN: Oh, okay.

MR. OINES: Your Honor, 133-44.

THE COURT: I actually was using one of the defendants' motions, and I think that's the easiest place for me to look it up.

MR. TROJAN: Right. It's in -

THE COURT: This is the defendants' Notice of Motion for Judgment as a Matter of Law, and it's attached to the declaration of Mr. Oines.

All right. It is at Exhibit 133, page 44. And this seems to be about the rejection and what Gilmour does disclose, and then I think observes the exception having to do with at least one vertical slot and the stud having at least one hole aligned with the slot, et cetera.

So what's your take on that, Mr. Trojan?

MR. TROJAN: Well, they are citing to that as though the examiner was relying upon the earlier statement that the hole is a reference point. And there's nothing in here that suggests that that's how the examiner was interpreting that amendment. They are trying to import the statement it's a reference point, meaning it's preexisting, into the claim

based upon that amendment, and that the examiner relied upon that to allow the patent.

And so you see here, the examiner isn't thinking in those terms at all. He's back to exactly where he should be, talking about oh, we now have a claim that says that there's a hole in a slot and that they are aligned. And so that's -- that's all he interpreted that statement, that the reference point -- referring to it as a reference point is a different way of saying that it's aligned.

So there's nothing -- nothing in there indicating that suddenly there was this great reliance upon the examiner -- by the examiner upon the earlier reference point language. And so the examiner knew that reference point wasn't in the claim and that that wasn't what was at issue.

And then, of course, as the Court's probably aware, in response to this rejection, we just swore behind the reference. So it became a moot point. So Gilmour is not prior art to the Brady patent because it wasn't proper prior art to begin with.

THE COURT: Mr. Trojan, I'm going to go ahead, as I indicated, and take the recess. You can resume thereafter. We stand in recess now.

(Recess taken.)

THE COURT: Let us invite Mr. Trojan to proceed.

MR. TROJAN: I just want to conclude by looking at the file history, just to show that this was not a rejection for an amendment made based upon prior art. The office action

THE COURT: I don't think anyone is contending this was a rejection on prior art.

MR. TROJAN: Okay.

THE COURT: Gilmour was cited, but then you indicate that Mr. Brady was able to declare that he was a prior inventor. So Gilmour didn't bar it on the second rejection. And if you're talking about the first one, it seemed to be on the grounds that it was indefinite.

MR. TROJAN: Right. Then I don't need to point to the record where that is proven.

Thank you.

MR. OINES: Your Honor, since it's our motion, may I be the last to speak?

THE COURT: Sure.

MR. OINES: Thank you. It's troubling to me, I have to say, that when you ask counsel whether putting a patent number on a product literature is a judicial estoppel, and he says I haven't -- or a judicial admission, and he says I haven't really thought about that yet, I'm not sure.

He's trying to get you to find that we infringed based on an argument that he's never looked at, that he's not sure about. And as I already said, I submit you won't find a case. There is none that would find a judicial admission of -- by putting a patent number on a product.

THE COURT: I really think that that's getting us off on the wrong foot. I don't think that's the focus of the reason for even looking at the numbered exhibits that were pointed to. And when I said I didn't know why, I meant I didn't really want to get into a discussion about 75 and 229.

Obviously it's evidence at a minimum tending to show that the defendants were making a product that they were implying was authorized and pursuant to the '760 patent, but that really doesn't advance our understanding, I don't think.

MR. OINES: Okay. That's fine, your Honor. And if the claims were properly construed and we decide we need to go to trial, that's a piece of evidence tending to prove or disprove infringement, that's fine. That's what it can be used for.

Regarding the discovery disputes that were discussed, I think we should stick to the record before your Honor because this issue about Thomas Herren's deposition, this is 1999 he's talking about. And who knows if Mr. Trojan was going to ask Mr. Herren about infringement or noninfringement or not. And who knows what would have happened if Mr. Trojan would have filed a motion to compel, and if you want, Mr. Plager can explain exactly why he didn't go to his deposition, and what Mr. Trojan did not address is why, after the case came back down from the Federal Circuit on the issue of reduction to practice, did he not then seek to depose Mr. Herren after that?

So these discovery disputes aren't relevant to this issue. What is relevant regarding discovery is they did serve late discovery, asking about our noninfringement contentions. Obviously they knew that infringement was an issue in the case. Maybe they forgot about it. They were too late. That's not our problem. They didn't file a motion to compel on that. But it does show that they knew infringement was an issue in the case.

Why else would you serve discovery on it?

The point of what, you know, what the discussion about Gilmour by the examiner has to do with what or, you know, what it means, first of all, the fact that the examiner said that is just icing on the cake. Because clearly you can't say that the examiner disagreed with what we're saying. But in other words, there's nothing like the cases cited by plaintiffs where the examiner said something that made it clear that the examiner didn't understand it to be as the defendant was claiming in that case.

But further, what I want to point out is the examiner was noticing the difference between a hole in the stud, as shown in figure 2 of the '760 patent, with the No. 22 from Gilmour, which is Exhibit 131 in this case. It's that patent, which shows self-tapping screws. That's the whole point of the difference here. Do you not have a hole in the stud and you use self-tapping screws, or do you have a hole in the stud and, again, counsel was trying to ignore the language that says use the hole as a reference to align the stud with the slot.

Now, sometimes it wasn't clear whether counsel was talking claim construction or noninfringement. Because I will accept a claim construction that says essentially quotes from the prosecution history and says this is how this claim has to be interpreted, and then we'll let the jury decide, based upon the jury instructions, whether there's infringement or not. If they want to argue that there's infringement when a self-tapping screw -- when there's no hole beforehand and the hole is made as the screw goes in, they are entitled to make that argument.

My belief is that, your Honor, if you accept our claim construction, and I submit you have to, my belief is it would be a waste of time for this jury to be here because -- for all of

us to be here because you can't find infringement when you're given a jury instruction that talks about and is consistent with the claim construction required by the prosecution history, which says you use -- by the way, the word hole is in the claim. And the word stud and the word slot and the word aligned with. So what does it mean?

Remember, the examiner didn't understand how it was aligned at first. And so they explained how it's aligned. They say the hole is now part of the claim. And then they explain. And how is it aligned? The hole is used as a reference to align the stud with the slot.

That's a claim construction issue.

The infringement issue, which I submit there is no issue, is you cannot infringe that claim if there's no hole in the stud to use as a reference to align the stud with the slot.

And we submitted -- there's no question the plaintiffs haven't asserted that anyone does use a stud with a hole in it with Metal Lite's track. We, you know, to make clear to the Court what we're talking about, I filed as Exhibit C to my declaration something from Mr. Brady's declaration that makes that clear. It's not an issue. This product is used whether it's Metal Lite's product, Slip Track's product, anyone else. It's used with studs without holes in them and a self-tapping screw.

But again, that's an infringement issue. All we want is to construe the claims.

THE COURT: All right. Thank you. Anything else on those points?

MR. OINES: One thing just once more, because plaintiff just barely, I think, started to address this but didn't

really go into it. I think he said something like the patent discloses both ways. You could do it with the preexisting hole, or you could do it without a preexisting hole. And he referred to column 3 of the patent. And I believe what he was probably referring to is there may be a reference to using a self-tapping screw, okay?

If you look to the Hockerson case in particular -- it's a good example -- there may be remnants in the specification of a patent that would seem to support the plaintiffs' claim construction argument, but if the prosecution is clear that that was given up, that trumps it. In other words, if you look at the Hockerson case, they made the exact same argument. They said well, look at this figure from the patent. It's consistent with our -- our being the plaintiffs' claim construction.

The Federal Circuit upheld the District Court and said yeah, but the prosecution history says this, and we have to give meaning to what you said in the prosecution history. That's what the public is entitled to rely on to design around this patent.

And if a competitor of Slip Track's -- and this happens all the time. That's why there's lots of patent attorneys in the world. People design around patents. They get legal opinions that tell them you can get around this patent if you do it this way or that way. Just don't do it this way.

If someone hires a patent attorney to review the patent and the prosecution history in this case, there's only one conclusion that that opinion can come to, and it will be based upon these statements made in the prosecution history, as long as you don't use a stud with a hole in it as a reference point to align the stud with the slot, you won't be

infringing. And that's proper. That's correct. In this case people get to do that.

And if there's a finding by a District Court, by this District Court of infringement without ever looking at what that prosecution history means or says, then I guess there's precedent for the whole world that the prosecution history in this case means nothing and you cannot rely on it to interpret the claims of the patent.

And I submit that that would be unprecedented, and it would be wrong under the Supreme Court's and the Federal Circuit's court mandates.

Thank you.

THE COURT: Can we be clear that defendants' Proposed Jury Instruction No. 3 sets forth exactly what it is that would constitute the Court's interpretation?

MR. OINES: We have one involving claim construction. I assume that's the one you're looking at. There's another one that deals with prosecution history estoppel. Because there's a second part of the analysis, which is -- which is not only can you not assert literal infringement -

THE COURT: Well, let's stay on the same track.

MR. OINES: Okay.

THE COURT: No pun intended.

MR. OINES: I'm sorry, your Honor.

THE COURT: The question of the Court was whether or not Instruction No. 3 sets forth the defendants' proposed claim construction for the jury to consider.

MR. OINES: Defendants' Proposed No. 3, you said. Yes, that is our court's -- that's what we submit you should instruct the jury on pursuant to Markman. The other one that's related to this issue is Proposed Jury Instruction No. 6, which sets forth the limitations on the doctrine of equivalence. And that has some relevance here, too. And I can explain that if you'd like me to.

THE COURT: Only because it's now becoming a moving target. We started out with the claim construction on the basis that it was going to preclude the rest of the plaintiffs' case. Now I take it if we use Instruction No. 3, but it doesn't preclude the plaintiffs' case, then we're on to No. 6. So why don't you tell me what you mean.

MR. OINES: We have fully addressed in our brief why we think there's no factual issue. These jury instructions assume that there is a claim construction but that the case still goes to the jury. So maybe I can explain how it is that the doctrine of equivalence is also relevant here as to why we don't think there is an issue of fact. Because again, that's a legal issue as well that your Honor can decide.

THE COURT: Tell me why in this discussion about as a matter of law we need to understand why Jury Instruction 6 also ties in.

MR. OINES: Because it -- the statements made during the prosecution of the patent that we have been talking about for the last couple of hours, those also limit or prevent the plaintiffs in this case from arguing infringement under the doctrine of equivalence. In other words, if you

interpret the claims to require the hole in the stud to use as a reference point, as we've gone over and over, if you interpret them that way, then even they would have to admit that there is no literal infringement. Because as I say, no one uses the Metal Lite slotted track product or any other slotted track product with the stud with the hole used as a reference.

Then they would argue, and they have argued in their papers in response to us, they have argued that, well, even if there is a literal -- even if the interpretation that we propose is granted and there's no literal infringement, we could still argue infringement under the doctrine of equivalence. They can't for two reasons. First, they would have to show -- between, once we get to this second point, we're already assuming that the Court has adopted our claim construction.

THE COURT: Let me take a look at Jury Instruction 6 before you go on, please.

MR. OINES: Certainly.

THE COURT: I've read it. I'm not clear on what the point is. So try again, please.

MR. OINES: What I actually would do is read from the Supreme Court's opinion in Festo that supports this jury instruction. See, they -

THE COURT: I'm sure it's supported. I'm trying to just limit this to what we're doing as a matter of law. I thought you were going to conclude by saying Jury Instruction 3 sets forth the defendants' proposed claim construction, and the answer to that was yes.

MR. OINES: Yes.

THE COURT: Why doesn't that end this discussion?

MR. OINES: It does on claim construction. The only reason I raised this other jury instruction is because with the claim construction in Jury Instruction No. 3, based on that construction, they can't assert infringement under the doctrine of equivalence, and that's set forth in Jury Instruction 6. We don't have to address it if your Honor does not want to.

The reason I raised Jury Instruction 6 is because it's based on the same reasons. It's based on the statements and the amendments made during the prosecution history.

In other words, they don't literally infringe based on the instruction given in Jury Instruction No. 3. And they can't -- and then the jury -- they will try and argue infringement under the doctrine of equivalence. They can't because Festo prevents them from doing that. Because once they gave us what they gave up and described what their patent is, what the stud -- what the hole means, how it's used, you can't go back and recapture that in litigation. That's what Festo is all about.

THE COURT: Of course, that's what it's all about, but I am troubled with the suggestion that that's something for the jury to even sort out.

MR. OINES: Your Honor, as I said, when we first started having this discussion, these instructions, I believe the Court can rule on the issue of noninfringement as a matter of law. And I believe the Court should, and under these cases, has to, begin the prosecution history. But if the Court were not to grant our Rule 50 motion but simply

construe the claims, and we went forward with a jury trial, then we would need these instructions.

So that's why we include these jury instructions.

THE COURT: All right. Let's go on to these other motions that we were asked to examine. There was a defendants' motion to preclude evidence being offered by the plaintiffs with regard to assignee estoppel. I had denied it before, indicated that it should be denied again. Had to do with the plaintiffs' motion about calling Mr. Trojan. It struck me as a moot point but one that should be granted again.

We had a plaintiffs' motion to preclude defendants from offering testimony about estoppel issues.

And then, finally, we get back to Mr. Brinton.

Any of those that you'd like to address, defendants, before I call upon plaintiffs' counsel?

MR. OINES: Thank you, your Honor. Yes, I would like to address them. And I don't want to beat a dead horse, so to speak. The issue of assignee estoppel we've talked about before. There aren't many cases on assignee estoppel. The reason is it's a rare circumstance when you have an assignee of a patent, someone who acquired a patent for consideration then tries to destroy that patent. So there aren't many cases.

But the cases that I'm aware of that even discuss whether the doctrine applies have all found that yes, it applies, and all of them that I'm aware of apply that doctrine to prevent the owner of the patent from seeking to invalidate that patent.

THE COURT: So in the first phase, this would have played out by barring Mr. Brady from adducing any evidence about the lack of priority of the '2 03 patent; correct?

MR. OINES: Correct.

THE COURT: And in this phase how would this play out?

MR. OINES: It doesn't play out in this phase. Your Honor did allow in evidence obviously to invalidate the '203 patent.

THE COURT: Right.

MR. OINES: And so the train left the station.

THE COURT: Right.

MR. OINES: The only reason we need to talk about assignee estoppel is if you are considering or will consider saying that Mr. Brady is estopped from trying to invalidate the '2 03 patent, despite the fact that we let the jury go forward and do that. Okay?

THE COURT: In other words, stop the train at this stage.

MR. OINES: That already left the station and, in fact, got to its destination.

THE COURT: Well, it has not put a dollar amount on its arrival.

MR. OINES: Well, that's true, your Honor. Although that -- that's phase 2, but I understand what you're saying.

I will be the first to admit that the cases that apply assignee estoppel -- and again, as I'm aware of assignee estoppel, I'm only aware of cases that apply it to prevent the owner from invalidating the patent. I'm not aware of any that don't apply that doctrine. But I will say I'm not aware of a case where you have half ownership. And so what I think you need to do is look to the rationale of the cases and of the estoppel principle, and the rationale is, and this is state in the Federal Circuit case of Diamond Scientific that we cited to, the rationale is it's not in the public interest to allow someone to buy a patent for consideration and then still owe money on that patent and decide that they are going to invalidate it and then not pay for it. That, I think, makes intuitive sense as well that is what's going on here.

Now, what the plaintiffs say is well, the only time assignee estoppel has ever applied was when you had a case of an assignor suing the assignee for money owed under the assignment agreement. And the assignee says no, I think your patent is invalid. I'm going to invalidate it and not pay you.

And that is not this case. But they owe Miriam Paquette money under that assignment. For the life of the patent, they owe her an annual payment. And Mr. Brady, as you would expect him to, confirmed in his deposition that he's not paying that anymore if he invalidates the '203 patent.

So that's the rationale for the rule, and the Federal Circuit even says -- and we quoted this part from the Diamond Scientific case -- the Federal Circuit says because there is a public policy also of trying to figure out which patents are valid and which are invalid. And I understand that policy.

But the Federal Circuit case, when applying these estoppel principles such as assignee estoppel, the Diamond Scientific case, I believe, was actually applying assignor estoppel, but it talked about the assignee estoppel cases and then said we understand that there's this public policy that, if a patent maybe is invalid out there, we shouldn't prevent people from invalidating it, but they counterbalance that with the contract, the assignment agreement and said in certain circumstances, it's more important to make that person who bought that patent pay for the patent. Even if maybe he's right, maybe that patent is invalid, he can't do it.

So Mr. Brady, if he wanted to invalidate the '203 patent, he had to give up ownership of it. And he didn't do that.

And plaintiffs will say and have said that the California Court of Appeal already decided this issue. It didn't. What the California -- and by the way, and we cite in a footnote a Federal Circuit case that says this is a matter of federal patent law.

The Court of Appeal -- and I'm going to make this as simple as I can because it's complicated, at least to me it is.

THE COURT: No, I think we three, or five, are probably the only ones who do understand it. So I've read it too many times to recount. So make it clear for the record.

MR. OINES: I hope I can, your Honor. What happened is in the Court of Appeal, in the State Court proceeding, there was a partnership dispute. And so the question was was the '203 patent acquired for a partnership. Therefore, if Mr. Brady wins that case, he gets half of the '203 patent.

Counsel for Metal Lite argued wait a minute. They are seeking to invalidate the '203 patent in this federal case;

therefore, California State Court, because of the doctrine of assignee estoppel which would prevent an even owner from seeking to invalidate a patent that it owns, you can't find that he owns this patent. It would be inconsistent with his trying to invalidate that same patent.

The Court of Appeal in the state case merely said we don't see that as being inconsistent for what we need to decide here in the State Court proceeding.

What's important is the Court of Appeal went on to say -- and I'm paraphrasing, but I can find the quote if your Honor wants me to. It's specifically cited in our opposition to the motion in limine. The Court of Appeal in California said, and I'll admit it was dicta, but it said we assume that the doctrine of assignee estoppel would, for instance, prevent, I think they said Mr. Herren or maybe they said Metal Lite, from invalidating the patent in a case brought by Mrs. Paquette to collect the money.

Well, the only difference here is you've got Slip Track and Mr. Brady in the same position that the Court of Appeal thought Mr. Herren was in at that time when it made that statement. The other difference is Mrs. Paquette's not here. She's not in this case. We also pointed out in our motion that she's a necessary party to this case. And they never brought her into this case.

She wasn't even allowed to testify in this case. Now, that's done. That's over with. But to say - the reason he raised those issues is because they sort of implied but didn't state that we don't have standing to assert the assignee estoppel.

Well, how do you keep the person whose patent you're trying to invalidate out of the case? She's a necessary party under Rule 19. How do you keep her out of the case,

sue her licensee, and then when the licensee tries to say you can't invalidate this patent under assignee estoppel, the response is you don't have standing to assert that because you're not Miriam Paquette.

That just can't be.

THE COURT: I don't think that's much of an issue because the terms of the license -- or I guess maybe it was the assignment back to Mrs. Paquette -- attached to the papers, shows that Metal Lite is charged with the responsibility of defending the litigation or prosecuting litigations as the case may be. So I don't think standing per se is an issue.

MR. OINES: Okay. Well, thank you. I mean, I agree, I don't think standing should be an issue. I do think at a minimum we get to raise the argument and have the Court decide upon it. And that's all we're saying.

If I could move on.

THE COURT: Yes.

MR. OINES: Thank you, your Honor. Oh, I just want to make one point on the assignee estoppel still. Because the courts do say look to the equities, and I think you have to look at the equities because, as we've all agreed, there is no case just like this one. So look at the rationale and look at the equities. And we put in our papers what we think -- which way the equities should go and why they should go that way.

But I want to highlight one thing, which is, you know, Mr. Brady wouldn't have this patent, the '203 patent. He wouldn't have had it without Mr. Herren. Because Mr.

Herren had to go get it because Paquettes and Bradys didn't see eye to eye.

And with that, I'll move on to other motions in limine.

The motion to exclude Mr. Trojan, I assume that the prosecution history of this patent will come into evidence. And the parties may even be able to stipulate to that. I don't think either side has objected to it. And with that, I would drop our opposition to the motion to preclude him. We would not need Mr. Trojan –

THE COURT: I understand. I assumed, and I think that's actually what you said yesterday, was that if the defendants needed to call him to authenticate or provide the prosecution history, and it seemed to me that that probably wasn't going to be necessary.

MR. OINES: And I think the prosecution history is generally self-authenticating.

The issue regarding the damages expert, Mr. Brinton

THE COURT: Before you get there, let's make sure you've covered everything else. Is that the last one? I think it is. Let me tell you my thinking on Mr. Brinton. It seems to me that he should be allowed to testify with regard to what he regards as a reasonable royalty for the sales that were made by Metal Lite. That he wasn't required to give an opinion on loss of profits. That he wasn't required to do the math. But that he's also not entitled to rely on later provided information that may have been given to him by Metal Lite.

There's some argument about a Dietrich license and that information not being before him. And I would

basically lock him down to what he had to say at the time of his deposition. So as to pretty much not prejudice the plaintiffs' side if, in fact, he's come up with new information. You may be in a position to know that he hasn't got anything new or different anyway since the time of the deposition, but those are my thoughts about Mr. Brinton'.

MR. OINES: Thank you. I fully agree with you that he should be able to address the reasonable royalty. But I want to correct something about the Dietrich license.

THE COURT: Yes.

MR. OINES: It is that the plaintiffs never produced it. That's why he didn't have it. It's a license agreement that the plaintiffs' expert wants to rely on, that the plaintiffs want to rely on, but Mr. Brinton or defendants were never given a copy of this until, I think, about a week before the trial started. Obviously way after the expert reports.

THE COURT: Let me clarify or ask another question. Did he not also say that there was information from Metal Lite that he didn't have with regard to Metal Lite's sales?

MR. OINES: I think there may have been, yes. But that's a separate issue from the Dietrich license.

THE COURT: But I do recall the discussion about who had what information to give to the expert. And so perhaps what he, Mr. Brinton, should not be allowed to testify to would be later supplied information coming from Metal Lite which he didn't have before the time his deposition was taken. Now, I don't know, again, that he has anything new or different.

MR. OINES: Your Honor, I think it's fair for you to limit him to what's in his report. Generally, as we're supposed to. And also, you know, limit him from - from relying on something that in your view would prejudice the other side. I mean, I can't argue with those points.

My thought was just because I read your tentative as completely excluding him, I thought that was a little too harsh.

THE COURT: The tentative ruling only had to do with reserving ruling at the time before we started trial on September 16.

MR. OINES: I'm sorry, your Honor. Then I was assuming too much.

THE COURT: But this morning I indicated it should be granted in part, and that's my thinking now.

So have you concluded with regard to addressing these motions?

MR. OINES: I believe -- yes, I have, your Honor, thank you.

THE COURT: Okay, fine. Let's go to the plaintiffs' side.

MR. TROJAN: I first just wanted to mention the consequence of denying their motion with respect to claim construction.

THE COURT: Yes.

MR. TROJAN: If the Court interprets the claim as meaning -- the plain language that the hole simply lines up

with the slot, and it doesn't specify with whether the hole needs to be preexisting, then that completely -- then there is no issue of infringement. They infringe under that scenario. And so there wouldn't be a need for infringement, for the jury to address that issue. And that would support the fact that they are not allowed to advance noninfringement.

So I just wanted to explain that. Then with respect to assignee estoppel, as the Court's aware, it's an equitable doctrine. And the most important fact in this whole chain of events was not mentioned by counsel, and that's the fact that they filed for reexamination to use the Paquette patent to invalidate Mr. Brady's patent. The only legal tool he had at his disposal to prevent his own patent from being destroyed was to file for interference. And that was the first appeal.

And so they are basically saying that because you own half of the Paquette patent, you have a duty to allow us to destroy your '750 patent in a reexamination. You cannot advance any defense, and we're allowed to destroy your property, and you have to -- you have to live with that fact.

And that clearly is not equitable. They were engaging in misconduct by trying to destroy one of their partner's assets.

So, you know, they were literally taking a partnership asset and using it to harm their former partner with it. And that is wrong and inequitable.

And as far as another arguments we've advanced as far as whether this issue has already been decided in the prior litigations, I rely on the briefs for that.

And then with respect to the financial expert, Ms. Crucillo will be addressing that.

MS. CRUCILLO: Your Honor, Dr. Brinton opined in his expert report that he believes that the reasonable royalty in this case falls somewhere between 2 1/2 and 5 percent, but he cannot be allowed to testify on that opinion because that opinion is not based on any financial information that he admits that he needs or on any methodology.

Now, Federal Rules of Evidence 702 and the U.S. Supreme Court in Daubert mandate that all expert opinions be based on two things, first, sufficient facts or data. During his deposition, Dr. Brinton admitted that he did not have Metal Lite's financial information because Metal Lite was withholding that information from him.

Not only that, he point blank admitted that he needed that information to calculate damages in this case. And I direct the Court's attention to -- it's on page 5 of our motion in limine. Just very quickly. I asked him is it also correct that Mr. Plager, Metal Lite's counsel, also refused to provide you with financial information of Metal Lite in order to enable you to render a reasonable royalty calculation in this case?

"ANSWER: Same answer.

"QUESTION: That answer being?

"ANSWER: No.

"QUESTION: No, he has not?

"ANSWER: Correct.

"QUESTION: Is it correct that you need Metal Lite's financial information in order to perform an accurate damages calculation in this case?

"ANSWER: Yes."

So that 2 1/2 to 5 percent reasonable royalty calculation he admits was not based on information that he did not have and that he needed. Second, your Honor, his opinions and all expert opinions must be based on reliable principles and methodology. The methodology to calculate reasonable royalties in all patent infringement cases is set forth in Georgia Pacific. That is the seminal case that is followed by all patent infringement damage experts to calculate reasonable royalties. During his deposition, Mr. Brinton freely admitted that not only did he not apply Georgia Pacific factors, he hadn't even heard of this case.

And very quickly, your Honor, on page 8 of our motion in limine to exclude him, you'll see the exact exchange that went on between myself and Mr. Brinton. Again, he freely admits, never even heard of the Georgia Pacific case. So his calculation on reasonable royalties is not based on the methodology mandated in that case. Where he gets the 2 1/2 to 5 percent, he again admitted during his deposition that he merely looked at some of the license agreements that Slip Track has entered into over the years and just lifted those numbers out of those license agreements. Freely admitted he never analyzed the numbers, how those numbers were arrived at between the transacting parties at the time. It was a straight lift out of those licensing agreements.

That is not the methodology that has to be applied in calculating reasonable royalties. And it's for those reasons that his opinion is not qualified expert opinion under 702 or under Daubert standards.

The final point regarding the Dietrich agreement, they are saying that he did not have that agreement because we failed to provide it to him. That agreement is very new

licensing agreement, your Honor, that Slip Track entered into only this year, I believe, in April of 2003. That agreement, which is after the close of discovery in this case, that agreement was subsequently provided to Mr. Brinton on August 20th of this year, more than a month ago, and we still have not seen any revised opinion from Dr. Brinton.

THE COURT: Well, tell me this. Does the percentage change?

MS. CRUCILLO: The percentage does change in the Dietrich agreement. But again, Dr. Brinton does not revise his opinions. His opinions were not based or were lacking in any way because he did not have this Dietrich agreement. It's – he admits he didn't have the financial information from Metal Lite. And that's the information that he truly needed to calculate a reasonable royalty in this case.

THE COURT: Well, I guess I made the assumptions that plaintiffs' expert did or at least had sufficient information to think that he could come up with an opinion; is that right?

MS. CRUCILLO: Yes. We provided our expert with all the financial information that he needed to make his calculation.

THE COURT: All right. Anything else on that point?

MS. CRUCILLO: No, your Honor.

MR. OINES: Your Honor, may I just address one point because Mr. Trojan did talk about the construction issue again, and he said something that was not accurate.

THE COURT: Actually, if you could get to that last. If there's anything else you want to add as to Mr. Brinton, I would like to get that resolved, if possible.

MR. OINES: Thank you, your Honor. Mr. Brinton doesn't need Metal Lite's documents at all to come to what he believes is the right reasonable royalty. That comes from Slip Track's documents, their licenses and so forth. You've already said that you'd be inclined to prevent him from testifying about the Metal Lite documents he didn't have, but that doesn't mean he can't look at the Slip Track documents which Slip Track obviously has and counsel has and say based on these, this is -- this is the reasonable royalty.

I mean, that's what you look at. You look at the prior licenses and say what would the hypothetical negotiation in this case have resulted in for a reasonable royalty.

And as you said, you know, he didn't do the math. But that's -- that's a simple question of, you know, however they would intend to prove, you know, whatever - however many sales of infringing product there are, you simply apply the reasonable royalty to that.

And finally, you know, I wasn't sure -- first of all, the Dietrich license agreement, it is a much later agreement. And so I'm not sure what relevance it has on the hypothetical negotiation that plaintiffs', I think, position is that the hypothetical negotiation has to be 1995 or '97, something like that.

But setting that aside, the plaintiffs' expert relied on it. And yet it was prevented. Our expert was prevented from looking at it. And then there was a comment, well, he hasn't supplemented his report. We would be glad to provide a supplemental report taking into account the

Dietrich agreement and discussing what relevance he thinks it has, if any. Maybe he'll decide it's not relevant because it's much later in time.

But at least he should be given a chance to look at it. And the issue of, you know, did you look at Georgia Pacific, the Georgia Pacific case, that's all cross-examination. They can ask him whatever they want, what his opinion is based on. The point is he looked at the most important thing, which were other license agreements that even plaintiffs' expert would agree are the key documents you have to look at when you're talking about a reasonable royalty.

And if I may just very briefly respond to the one comment that was made about claim construction. And unless I misheard it, I think it was if you do not adopt our claim construction and adopt plaintiffs' claim construction, which I guess just read the patent claims to them because they are not proposing any limitation or description what have these claims mean, which is what you're supposed to do, they, then, said if that happens, there is no issue of infringement, and they don't -- it would be a waste of time to go forward with the infringement case.

That's not correct. Because as I've indicated, first of all, they will not and cannot prove direct infringement. And they have some serious hurdles to get over to prove indirect infringement even if you don't adopt our claim construction.

So really maybe what he's going back to is they don't even get to argue noninfringement, and that just can't be.

Thank you, your Honor.

THE COURT: Anything else from plaintiffs?

MS. CRUCILLO: Just two quick points, your Honor.

Counsel mentioned that Dr. Brinton did not need Metal Lite's financials in order to calculate a reasonable royalty. That's absolutely false. He admitted, in that section I read to the Court, that he needed Metal Lite's financial information to calculate reasonable royalties in this case.

THE COURT: You mean to do the math?

MS. CRUCILLO: The question was whether he needed Metal Lite's financials in order to accurately determine the damages in this case. And he said yes, I needed those.

THE COURT: In other words, if he was to apply 2 1/2 to 5 percent to sales made by Metal Lite, then to calculate what the final bottom line damages would be, he would need to know how many units of infringing material or products the defendant sold. Isn't that what that means?

MS. CRUCILLO: He did not clarify that during deposition.

THE COURT: What does it mean to you?

MS. CRUCILLO: It means to me that he needs the financials in order to calculate reasonable royalty rate, not the math. Typically we don't rely on the experts anyway in performing the simple arithmetic function by taking the reasonable royalty and multiplying it by the units sold. In fact, our expert in his report doesn't calculate the math. We use the experts to calculate the reasonable royalty rate. And that question was designed to ask him if he needed Metal Lite's financials to calculate the rate, which is typically what experts do. Not to perform the math.

And the second point is counsel stated that the fact that Dr. Brinton did not apply the Georgia Pacific factors is

an area that could easily be explored on cross-examination. That's not correct. This court is charged with the gatekeeping function of not allowing expert opinion that is so unreliable that it should not be submitted to the jury. This expert has admitted he has not applied the proper standard set forth in Georgia Pacific. Again, he's never even heard of these factors.

Thank you.

THE COURT: All right.

MR. OINES: Your Honor, one point?

THE COURT: Yes.

MR. OINES: Their expert did do the math. We don't get to just say what comes into our mind here. Their expert did the math. I'm not sure what point they were trying to make, but they shouldn't be telling you that their expert did not do the math. Their expert comes up with a money number when he applies both his lost profit analysis and his reasonable royalty analysis.

Thank you.

THE COURT: Well, here's where I think we stand. I am not going to adopt the defendants' interpretation of the claim construction because I am not going to permit the defendants to contest infringement, which is where we started with today's hearing. I quite agree with defendants that it's an anomaly for a case to devolve into infringement and then damages collapse all into one without going through the claim construction, and goodness knows, we've given it a full airing, venting, and briefing by everything before the Court. The trier of fact would be left with the plaintiffs' reading, I suppose, of the language of the claims,

but beyond that and going back to motion No. 10, I think it is, that the plaintiffs brought before us originally, I believe that the motion to preclude the defendants from arguing evidence on the issue of noninfringement should be the ruling by the Court, which means to me that the next part of our case will have to do pretty much with the testimony of Mr. Mills for the plaintiff, the damages expert, and Mr. Brinton for the defendants.

I take it that the plaintiff needs to call one or more witnesses to perhaps lay some foundation with regard to financial records, either of plaintiffs' or of defendants'. The Court should only allow Mr. Trojan to be a witness if for some reason there is a contest about the prosecution history. I don't know that plaintiff will even seek to introduce it at this point, and I see no reason why it would become an issue even if it was necessary for either party as an exhibit for the plaintiffs' attorney to have to testify.

Again, as before, if the defendants find a need to call Mr. Trojan, I can be asked to reconsider this ruling, but right now it seems to me that the motion should be granted so as to preclude Mr. Trojan as a witness yet once again.

The issue of assignee estoppel is really interesting in this case. I think the defendants are right, first, that they are probably not precluded from making the arguments to the federal court, even though this was discussed in the context of judicial estoppel before the State Court of Appeal. And so we've entertained those arguments fully.

What we have by way of competing interests here are trying to sort out which of these patents is the valid one, that is, which is entitled to priority. And it seems to me that the plaintiff in the case first and foremost wanted to attain priority for his '760 patent.

That certainly serves the public interest so that those who are consulting patents will ascertain that '203 is not a valid patent and '760 is, and that seems to me to be the paramount public interest that is served by the lawsuit.

In so ruling, the Court is basically saying that it's not estopping the plaintiff Brady from seeking to invalidate the '203 even though it is absolutely correct, that as a 50 percent owner, he is going to stop or is entitled to stop paying royalties to Mrs. Paquette. Let me say I don't think she's a necessary party, particularly in light of the fact that the agreement between Mr. Paquette and Metal Lite as her licensees -- and I think that includes Mr. Herren and Mr. Carpenter as well -- are fully authorized to defend and prosecute, as the case may be, with reference to that '203 patent.

It's not as though the defendants' argument about estoppel does not have some attraction and certainly some support. Certainly the State Court must wonder why it's worn itself out with a trial about the partnership issues and entitlement to the '203 patent only to have Mr. Brady come to the federal court and say that the '203 patent is not valid.

But the reasons why he has pursued the case have been explained, and I think support not estopping Mr. Brady from bringing his suit to invalidate the '203. He is a partner, and he is also a litigant. He's also an inventor seeking priority. And as I said, to me the paramount concern is the public interest in sorting out the priority of these patents.

I have not changed my mind with regard to Dr. Brinton. I believe he can testify in the limited area I have described.

I'm not in a position to say yes or no about the Dietrich license. It comes to me very belatedly, the fact that it's been turned over to the witness Brinton, and the defendants are saying they can file a supplementation to it. That comes even later. So I'll have to just, I suppose, wait until the plaintiffs present their case. I can hear whether the plaintiffs' expert makes much reference to or reliance upon a Dietrich license. If so, it may be appropriate for the defendants' damages expert to also speak to it.

Let me find out now from plaintiffs' counsel who the remaining witnesses are so that we can get a better bead on how much time we're going to consume come Tuesday and/or Wednesday. And then the defendants can give us their estimate thereafter.

MR. TROJAN: If I could just have one moment, your Honor.

It looks like we would have two hours of testimony. It might go to three. I doubt it.

THE COURT: Consisting of which witnesses?

MR. TROJAN: Oh, Todd Brady and Robert Mills.

THE COURT: All right. Two to three hours. Sounds about right.

And defendants' side, keeping in mind that you're going to spend time cross-examining Mr. Brady and more particularly, Mr. Mills. What's your best estimate and what witnesses do you anticipate?

MR. OINES: Your Honor, I would assume half a day. Can I ask your Honor to clarify? Did you say you did

not believe the prosecution history of the patent would be an exhibit in this case?

THE COURT: I can't see why if would be, but you can tell me if it needs to be.

MR. OINES: How would the Federal Circuit review?

THE COURT: They don't need us to give them another copy.

MR. OINES: But it won't be part of the record.

THE COURT: Sure, it is. That's the kind of thing you can take judicial notice of.

MR. OINES: Can I address one other thing? Because it goes to the issue of how long I have on the damages part of the case. If there's no testimony about infringement, how do you calculate the damages? Because how do you add up the times there has been infringement? I mean, who is going to testify about how many, you know, times someone has built this building construction assembly with a Metal Lite slotted track?

THE COURT: So it's going to be really short.

MR. OINES: I guess.

THE COURT: The witness would be Dr. Brinton?

MR. OINES: Doctor Brinton. I think that's it.

THE COURT: No foundational witness of defendants with regard to any records?

MR. OINES: Possibly Mr. Joe Gaglio.

THE COURT: All right. Thank you. Last but not least, we need to sort through the jury instructions for the second phase. I have not gone through all of those yet. So we will have to reserve until Tuesday to cover those. Is there anything else that you folks can think of that you need to cover? Oh, yes, the verdict form, the clerk reminds me. Do we have that?

MR. TROJAN: I think we said there will be a general verdict. And we will prepare that.

THE COURT: Plaintiffs will prepare a general verdict and bring it Tuesday. Please submit it sooner, if you can, to the Court and the defendants.

MR. OINES: Isn't the verdict that we infringe?

THE COURT: No, it has to do with dollars.

MR. OINES: I can't imagine why you would need a special verdict -- okay, a general verdict for damages. Okay.

Your Honor, I just have to close in urging you to reconsider and to read the cases that talk about the difference between -

THE COURT: I've read them all. Thank you very much. I don't need to hear that.

Anything else, though, that we need to take up?

MR. OINES: No, your Honor.

MR. TROJAN: No, your Honor.

THE COURT: All right. Then we'll take a look at the proposed verdict form, and we will go over the jury

instructions probably Tuesday morning. We might have to defer the jury instruction discussion until after the witnesses testify.

I'm going to assume you have submitted everything to us that we need to have for those jury instructions. And I think that concludes ruling on all of the pending motions that we had to sort out today save and except the defendants' Rule 50 motion, which is denied.

If there's anything outstanding motionwise that we have not covered, please let me know before we take our adjournment in this matter today.

MR. OINES: Can you please clarify for the record that the Rule 50 motion is denied and also that the motion in the all interpretive to construe the claims is denied?

THE COURT: We've construed the claims.

MR. OINES: We've construed the claims?

THE COURT: It may be somewhat a moot point, but they have been construed contrary to the defendants' position.

MR. OINES: Is the Court going to give any instruction on the -- I'm sorry, any instruction on the construction of the claims to the jury?

THE COURT: There appear to be some submitted to us in the jury instructions, and we'll discuss those when we have a chance.

MR. OINES: Your Honor, I just don't understand because you're saying we can't assert noninfringement, and

yet we're talking about jury instructions on claim construction. I'm at a loss.

THE COURT: You just asked me if we're giving an instruction. I said there's something in there. We may talk about it next week.

Counsel, your confusion is just because you would like to enjoy the moment, I think. The fact of the matter is this is a very unusual case. I quite agree with you everything you have told us about what the normal case entails. This is not it. And also I assume that Mr. Brinton is prepared to respond accordingly.

MR. OINES: Thank you, your Honor.

THE COURT: Counsel are ordered back at 9:00 Tuesday morning. And we stand adjourned at this time.

(Proceedings concluded at 12:10 P.M.)

CERTIFICATE

I hereby certify that pursuant to Title 28, Section 753 United States Code, the foregoing is a true and correct transcript of the stenographically reported proceedings in the above matter.

Certified on September 26, 2003.

MARK SCHWEITZER, CSR, RPR
Official Court Reporter
License No. 10514

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Attorneys for Plaintiffs,
SLIP TRACK SYSTEMS, INC. and TODD A. BRADY

IN THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

SLIP TRACK SYSTEMS, INC. a California corporation, and TODD A. BRADY an individual,	) Civil Action No.) SACV-98-20)AHS (Eex)
Plaintiffs,	)
v.	)
METAL LITE, INC., a California corporation, THOMAS R. HERREN, an individual, and GENE N. CARPENTER, an individual.	)
Defendants.	)

[PROPOSED] COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF FOR:

1. PATENT INFRINGEMENT OF U.S. NO. 5,127,760
2. DECLARATORY JUDGMENT OF NON-INFRINGEMENT, INVALIDITY AND UNENFORCEABILITY OF U.S. PATENT NO. 5,127,203 AND

3. RELIEF FROM INTERFERENCE WITH U.S. PATENT NO. 5, 127, 760
4. UNFAIR COMPETITION PURSUANT TO 15 U.S.C. § 1125(a)

Plaintiffs hereby allege as follows:

I. FACTUAL BACKGROUND:

1. Plaintiff Slip Track Systems, Inc. (hereinafter, "SLIP SYSTEMS") is a California corporation owned and operated by plaintiff Todd A. Brady (hereinafter, "BRADY") who inturn is the owner of United States Patent No. 5,127,760 (hereinafter,"'760 PATENT") issued on July 7, 1992 and attached hereto as Exhibit 1. The ~760 patent sets forth a vertically slotted header device. Plaintiffs SLIP SYSTEMS and BRADY manufacture and sell vertically slotted headers which are the commercial embodiment of the '760 PATENT.

2. On information and belief, plaintiffs alleges that defendant Metal Lite, Inc. (hereinafter, "METAL LITE"), is a California Corporation which manufactures, uses, purchases and/or sells vertically slotted header devices which infringe the '760 PATENT (hereinafter "ACCUSED DEVICES"). Further, plaintiffs contend that none these ACCUSED DEVICES were manufactured by plaintiffs, nor were any of the ACCUSED DEVICES ever, in any manner, licensed to be manufactured, purchased and/or sold by the defendants.

3. On information and belief, plaintiffs alleges that defendant Thomas R. Herren, (hereinafter, "HERREN"), an individual, manufactured, purchased and/or sold vertically slotted header devices which infringe the ~760 PATENT (hereinafter "ACCUSED DEVICES"). Further, plaintiffs contend that none these ACCUSED DEVICES were manufactured by plaintiffs, nor were any of the

ACCUSED DEVICES ever, in any manner, licensed to be manufactured, purchased and/or sold by the defendants.

4. On information and belief, plaintiffs alleges that defendant Gene N. Carpenter, (hereinafter, "CARPENTER"), an individual, manufactured, purchased and/or sold vertically slotted header devices which infringe the '760 PATEN (hereinafter "ACCUSED DEVICES"). Further, plaintiffs contend that none these ACCUSED DEVICES were manufactured by plaintiffs, nor were any of the ACCUSED DEVICES ever, in any manner, licensed to be manufactured, purchased and/or sold by the defendants.

II. JURISDICTION AND VENUE.

5. This Court has original subject matter jurisdiction over the claims for patent infringement pursuant to 28 U.S.C. §1338(a).

6. The Court has original subject matter jurisdiction over the declaratory relief claims herein pursuant to the Declaratory Judgments Act, 28 U.S.C. § 2201, et seq., and pursuant to 28 U.S.C. §1338(a).

7. The Court has original subject matter jurisdiction over the interference claims herein under 35 U.S.C. § 291 and 35 U.S.C. § 146 2nd 91.

8. The Court has original subject matter jurisdiction over the unfair competition and interference with business or economic relationships claims herein under 15 U.S.C. § 1051 and 28 U.S.C.§1338(b).

9. The Court has jurisdiction over the related state claims under the principles of supplemental jurisdiction pursuant to 28 U.S.C. § 1338(b) and 28 U.S.C. § 1367(a).

10. The Court has personal jurisdiction over defendant METALLITE because METAL LITE has manufactured, used, sold, and/or offered to sell, ACCUSED DEVICES within the Central District of California.

11. The Court has personal jurisdiction over defendant HERREN because HERREN has manufactured, used, sold, and/or offered to sell, ACCUSED DEVICES within the Central District of California.

12. Likewise, the Court has personal jurisdiction over defendant CARPENTER because CARPENTER has manufactured, used, sold, and/or offered to sell, ACCUSED DEVICES within the Central District of California.

13. Venue is proper within the Central District of California pursuant to 28 U.S.C. § 1400(b) because defendants METAL LITE, HERREN and CARPENTER are entities which each reside within the Central District of California and/or they each have sufficient contacts within the Central District of California to legally reside within said district for purposes of venue under 28 U.S.C. 28 § 1391(c) . Venue is also proper with the Central District because the plaintiffs each reside or have their places of business within the Central District and because the defendants have marketed, advertised, distributed, manufactured, used and sold the ACCUSED DEVICES with the Central District of California.

III. CLAIM FOR PATENT INFRINGEMENT OF U.S. PATENT 5,127,760 PURSUANT TO 35 U.S.C. S 271.

(First Cause of Action)

(Against defendants METAL LITE, HERREN and CARPENTER)

14. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 13, inclusive.

15. Plaintiff BRADY is the lawful owner of the "760 PATENT. Defendants METAL LITE, HERREN and CARPENTER have violated the plaintiff's patent rights by engaging in the manufacture, use and/or sale of ACCUSED DEVICES. The ACCUSED DEVICES manufactured, used' and/or sold by METAL LITE, HERREN and CARPENTER, infringe the plaintiff's invention described and claimed in the '760 PATENT attached hereto as Exhibit 1. As a legal consequence of each defendants' infringement, plaintiffs are entitled to lost profits, damages for price erosion, pre-judgment interest, and a permanent injunction.

16. On information and belief, the infringement of the '760 PATENT resulting from the actions of METAL LITE, HERREN and CARPENTER has been wilful in that each defendant has been placed on notice of the plaintiff's rights and each defendant has refused to cease and desist from further infringement of the '760 PATENT and has refused to provide an accounting. Neither, METAL LITE, HERREN or CARPENTER has offered any justification for each defendant's respective violation of the patent laws. This failure to provide any justification, constitutes willful infringement under 35 U.S.C. §§ 284 and 285, which entitles plaintiff to treble damages and attorney fees.

17. As a direct result of said infringement, plaintiffs have been irreparably harmed, including but not limited to lost sales, profits and market share.

IV. CLAIM FOR DECLARATORY RELIEF OF NON-INFRINGEMENT, INVALIDITY AND UNENFORCEABILITY OF U.S. PATENT NO. 5,127,203.
(Second Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

18. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 17, inclusive.

19. Plaintiffs, on information and belief, contend that Defendants are the assignee of United States Letters Patent No. 5,127,203 (*203 PATENT) titled "Seismic/Fire Resistant Wall Structure and Method" issued on July 7, 1992 to Robert F. Paquette.

20. There is a justiciable controversy between the plaintiffs and the defendants concerning the validity, scope and enforceability of the '203 PATENT in as much as the defendants have accused plaintiffs' products of infringing the '203 PATENT, have demanded payment of damages, and have threaten legal action against plaintiffs thereby putting plaintiffs in reasonable apprehension that a civil action will be brought. Defendants have not withdrawn their accusations or their threat of legal action.

21. Pursuant to U.S.C. § 282(1), plaintiffs allege that their products do not infringe any claim of the '203 PATENT.

22. Thus, an actual and continuing justiciable controversy exists between plaintiffs and the defendants as to the validity and scope of the '203 PATENT in suit and as to whether any of plaintiffs' products infringe any claim thereof.

23. Pursuant to 35 U.S.C. § 282(2), on information and belief, plaintiffs allege that the '203 PATENT is invalid and unenforceable.

24. Pursuant to 35 U.S.C. § 102 (a) , on information and belief, plaintiffs allege that the '203 PATENT is invalid as the invention(s) described in the '203 PATENT were known or

used by others in the United States before the invention thereof by the applicant of the '203 PATENT.

25. Pursuant to 35 U.S.C. § 102(g), on information and belief, plaintiffs allege that the '203 PATENT is invalid since before the "203 PATENT'S applicant's creation of the invention(s) described in the '2 03 PATENT said invention(s) were made in the United States by another who had not abandoned, suppressed, or concealed said invention(s). On information and belief, plaintiffs allege that the first to conceive and reduce to practice said invention(s) was plaintiff BRADY. Further, that BRADY was at all time reasonably diligent in the reduction to practice of said invention(s).

26. Pursuant to 35 U.S.C. § 103, on information and belief, plaintiffs allege that the '203 PATENT is invalid as the invention(s) described in the '203 PATENT is obvious in view of the relevant prior art and/or plaintiffs' invention as set forth in the '760 PATENT.

27. In spite of having notice of the existence of facts which clearly and convincingly demonstrate that plaintiffs' products do not infringe the '203 PATENT, and facts which clearly and convincingly demonstrate that the '203 PATENT is invalid and unenforceable, defendants have chosen to make their accusations of patent infringement and threats of legal action against the plaintiffs. Such threats against the plaintiffs under the auspices of a clearly meritless claim and a clearly invalid and unenforceable patent constitute exceptional misconduct under 35 U.S.C. § 285, thereby entitling plaintiffs to their attorneys fees in bringing and prosecuting this action.

V. CLAIM FOR RELIEF FROM INTERFERENCE WITH U.S. PATENT NO. 5,127,760.
(Third Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

28. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 27, inclusive.

29. Pursuant to 35 U.S.C. § 291 the owner of an interfering patent may have relief against the owner of another by civil action and in doing the Court may adjudge the question of validity of the interfering patent.

30. The subject matter of the invention set forth in the claims (taken in light of the specification and drawings) of the '203 PATENT clearly is the same as the subject matter set forth in the claims (taken in light of the specification and drawings) of the '760 PATENT. As such, there exists an interference between the '203 PATENT and the '760 PATENT.

31. Pursuant to 35 U.S.C. § 102(g), on information and belief, plaintiffs allege that the '203 PATENT is invalid since before the '203 PATENT'S applicant's creation of the invention(s) described in the '203 PATENT said invention(s) were made in the United States by BRADY who had not abandoned, suppressed, or concealed said invention(s). On information and belief, plaintiffs allege that the first to conceive and reduce to practice said invention(s) was plaintiff BRADY. Further, that BRADY was at all time reasonably diligent in the reduction to practice of said invention(s).

32. Pursuant to 35 U.S.C. § 103, on information and belief, plaintiffs allege that the '203 PATENT is invalid as it

is obvious in view of the relevant prior art and/or plaintiffs' invention as set forth in the '760 PATENT.

33. Thus, since the '203 PATENT interferes the '760 PATENT and since the '760 PATENT has priority over the '203 PATENT the '203 PATENT is invalid.

VI. CLAIM FOR UNFAIR COMPETITION PURSUANT TO 15 U.S.C. 5 1125(a)

(Fourth Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

34. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 33, inclusive.

35. Plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, have circulated and otherwise transmitted various forms of correspondence (written and/or oral in nature) which contain false and/or misleading statements, and various misstatements of fact. Said correspondence was circulated to multiple third parties including customers of the plaintiffs.

36. Plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, made said wrongful statements intentionally.

37. These wrongful statements included claims that the defendants are the sole parties to hold a valid patent for slotted tracks or header devices. See Exhibits 3 and 4. That plaintiffs' patent was issued after defendants' patent. See Exhibit 3 That plaintiffs' patent violated defendants' patent. Id. That the United States Patent Office determined that plaintiffs' patent was improperly granted. Id. That the

United States Patent Office determined that plaintiffs' patent is invalid and/or void. See Exhibits 3 and 4. Also, defendants and/or their agents, wrongfully threatened that any supplier, manufacturer, installer or end-user of plaintiffs' products was liable for patent infringement. Id.

38. Thus, it is clear that defendants' actions constitute unfair competition in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Plaintiffs, on information and belief, allege that said wrongful action of the defendants were done willfully and with full knowledge of the true and relevant facts.

39. As a direct result of defendants' wrongful actions, plaintiffs have been irreparably harmed, including but not limited to lost sales, disruption of business relationships and harm to plaintiffs' good will.

VII. CLAIM FOR INTENTIONAL INTERFERENCE WITH BUSINESS OR OTHER ECONOMIC RELATIONSHIP

(Fifth Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

40. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 39, inclusive.

41. Plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, have circulate and otherwise transmitted various forms of correspondence (written and/or oral in nature) which contain false and/or misleading statements, and various misstatements of fact. Said correspondence was circulated to multiple third parties including customers of the plaintiffs.

42. These wrongful statements included claims that the defendants are the sole parties to hold a valid patent for slotted tracks or header devices. See Exhibits 3 and 4, That plaintiffs' patent was issued after defendants' patent. See Exhibit 3 That plaintiffs' patent violated defendants' patent. Id. That the United States Patent Office determined that plaintiffs' patent was improperly granted. Id. That the United States Patent Office determined that plaintiffs' patent is invalid and/or void. See Exhibits 3 and 4. Also, defendants and/or their agents, wrongfully threatened that any supplier, manufacturer, installer or end-user of plaintiffs' products was liable for patent infringement. id.

43. Plaintiffs,' on information and belief, allege that defendants were fully aware at the time said wrongful statements were made of plaintiffs' business and economic relationships with various third parties including plaintiffs' customers. Further, plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, made said wrongful statements intentionally and with the desire to interfere with said relationships.

44. Thus, it is clear that defendants' actions constitute interference with business and/or economic relations between plaintiffs and various third parties including plaintiffs customers. Plaintiffs, on information and belief allege that said wrongful action of the defendants were done willfully and with full knowledge of the true and relevant facts.

45. As a direct result of defendants' wrongful actions, plaintiffs have been irreparably harmed, including but not limited to lost sales, disruption of business relationships and harm to plaintiffs' good will.

VIII. CLAIM FOR UNFAIR COMPETITION UNDER CALIFORNIA LAW

(Sixth Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

46. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 45, inclusive.

47. The actions of the defendants, and each of them, as previously alleged, constitute unfair competition with the plaintiffs in violation of the laws of the the State of California, including but not limited to California Business and Professions Code § 17200 efc seq. and California common law.

48. All said wrongful actions of the defendants have caused damages and irreparable injury to the plaintiffs as previously alleged, including but not limited to lost sales, disruption of business relationships and harm to plaintiffs' good will.

IX. DEMAND FOR JURY TRIAL.

49. Plaintiffs hereby exercise their rights to a jury trial under the Seventh Amendment to the United States Constitution and hereby demand a jury trial in accordance therewith.

50. WHEREFORE PLAINTIFFS PRAY FOR THE FOLLOWING RELIEF:

a. An injunction barring the defendants and all of their agents, attorneys and assigns from manufacturing, using and/or selling any product that infringes upon the '760 PATENT;

b. A judgment against each of the defendants METAL LITE, HERREN and CARPENTER in the amount of compensatory damages, including lost profits and price erosion, adequate to compensate plaintiffs for all of their losses;

c. All profits obtained by METAL LITE, HERREN and/or CARPENTER from the sale of infringing merchandise by which METAL LITE, HERREN and/or CARPENTER have each been unjustly enriched;

d. Treble damages and attorney fees pursuant to 35 U.S.C. § 284 and 285 for the willful infringement of the '760 PATENT by each of the defendants METAL LITE, HERREN and CARPENTER;

e. Costs of suit and prejudgment interest against each of the defendants METAL LITE, HERREN and CARPENTER.

f. Any and all other relief that the Court deems proper.

Respectfully Submitted,
TROJAN LAW OFFICES
by

Eric J. Aagaard

Date: _____

Eric J. Aagaard
Attorneys for SLIP SYSTEMS, INC. and TODD A. BRADY

EXHIBIT 1 and Exhibit 2 are reproduced in Appendix B

EXHIBIT 3

RONALD D. DAVIS
ATTORNEY AT LAW
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HUNTINSTON BEACH, CALIFORNIA 92548-5122
(714) 536-4863 (VOICE)
(714) 536-0062 (FACSIMILE)

December 19,1997

ADERHOLT SPECIALTIES
1557 CUMMINS DRIVE
MODESTO, CA 95351

ATTENTION: HERB ADERHOLT

Re: Metal-LIte
Patent No. 5,127,203

Dear Mr. Aderholt;

I have been retained by Metal-Lite Ino, relative to a past, present, and potentially continuing patent infringement.

Metal-Lite holds the only valid patent in America on slotted metal track. We hold patent number 5,127,203.

Slp-Trk, or Slip-Track, marketed through the Donovan Company, purports to hold a patent on the same product under patent number 5,127,760.

Because we believed that Slp-Trk or Slip-Track's, later issued patent violated our prior patent, we asked the Patent and Trademark Office for a Re-Examination on the propriety of issuing Slp-Trk or Slip-Track a patent after the same office issued a patent to Metal-Lite.

In the United Slates Patent and Trademark Office *Reexamination Communication Transmittal Form,* a copy of which is enclosed for your consideration and the review of your attorney, the Patent Office determined that patent number 5.127,760, held by Slp-Trk or Slip-Track, was improperly granted, and therefore invalid.

In our opinion, Sl-Trk, Slip-Track, any supplier, distributor, manufacturer, installer or end-user, or any person, or entity assisting the above is liable for patent infringement.

Patent Infringement exposes the wrongdoer to liability for any of our lost profits, a reasonable royalty, attorney's fees and costs. In addition, if the infringement is found to be wilful, the court may assess treble damages.

This issue directly affects you, since it is our position that by assisting Slp-Trk, Slip-Track, or any slotted track manufacturer other than Metal-Lite, you are liable for these damages.

Metal-Lite intends to vigorously defend its patent, and vigorously prosecute any patent infringement

We strongly encourage you to consult with your attorney regarding this mattcr to determine whether you wish to continue to voluntarily expose yourself to our claim for damages.

We cannot emphasize enough how seriously we take the matter of infringement and how diligently we will protect our business interests.

Very truly yours,
/s/ Ronald D. Davis
Ronald D. Davis
Attorney at Law

UMITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
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REEXAMINATION COMMUNICATION TRANSMITTAL FORM

REEXAMINATION CONTROL NO. 90/004672

PATENT NO. 5,127,760

ART UNIT 3509

Enclosed is a copy of the latest communication from the Patent and Trademark Office in the above identified reexamination proceeding. 37 C.F.R. 1.550(9).

Where this copy is supplied after-the reply by requester, 37 C.F.R. 1.535, or the time for filing a reply has passed, no submissions on behalf of the reexamination requester will be acknowledged or considered. 37 C.F.R. 1.550(a).

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless --

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of the section 37 of this title before the invention thereof by the applicant for patent.

2. Claims 1-10 are rejected under 35 U.S.C. 102(t) as being anticipated by Paquette, U.S. Patent No, 5,127,203. CLAIMS 1 - 6 - Paquette discloses a building construction assembly, Fig. 1, that includes a header 21 and a stud 26 wherein the header 21 is capable of vertical movement (col. 1, Lines 48-66) relative to said assembly comprising; a header 21 having a web 17 and flanges 19 with said flanges 19 connected to said web 17; at least one of said flanges 19, Fig, 3, having at least one vertical slot 22 therein; a stud 26 having a width less than the distance between said flanges 19 of said header 21 and having a top end; said stud 26 having at least one hole formed therein proximal to said top end (for screws 27); said top end fitting between said flanges 19 perpendicular to said heeder 21 positioned so that said hole is aligned with said vertical slot 22 and an attachment means 27 passing through said slot 22 and through said hole to slideably (sic) unto said header 22 to said, stud 26 whereby said slot 22 permits said header 21 to move vertically with respect to said stud 26 while restricting horizontal movement of said header 21.

The building construction assembly includes sat (sic) least one flange having a plurality of vertical slots (col. 2, lines. 21-23). Each of said flanges has a plurality of vertical slots (col, 2, lines 21-23). The attachment means is a screw 27, passing through said slot 22 into said stud 26; and said

screw 27, biasing said header 26 to said stud 26 yet spaced from said header 21 sufficiently to allow vertical movement of said header 21 with respect to said stud 26 (col. 2, lines 36-44). The header and said stud are made of steel (col. 2, lines 11-14). Slot 22 has an upper end, said web 17 of said header 21 has a bottom surface, and, said hole formed in said stud 26 is located so that the top end of header 26 is in constant (sic) with bottom surface of said web 17 when said attachment means 27 is in contact with said upper end of said slot 22 (col. 2, lines 60-64).

CLAIMS 7-10 -Paquette discloses building construction assembly that includes a header 21 and a stud 26 wherein, the header 21 is capable of vertical movement relative to said assembly comprising: a. header 21 having a web 17 with P. bottom surface and having flanges 19 with said flanges 19 connected to said web 17; at least one of said flanges 19 having at least one vertical sot (sic) 22 therein with said slot 22 having an upper end a stud 26 having a width less than (sic) the distance between said flanges 19 of said header 21 and having a top end; said stud 26 having at least one hole (for receiving screw 27) formed therein proximal to said top end; said to pend fitting (sic) between said flanges 19 perpendicular to said header 21 positioned so that said hole is aligned with said vertical slot 22; an attachment means 27 passing through said slot 22 and through said hole to slidebly (sic) unite said header 21 to said stud 26 whereby said slot 22 permits said header 21 to move vertically with respect to said stud 26 while restricting horizontal movement of said header 21; and said hoile formed in said stud 26 located so that said top nd (sic) of said header 21 is in contact with said bottom surface of said web 17 when said attachment means is in contact with said upper end of said slot (The top end of the Stud is in contact with the web of the header).

At least one of said flanges 19 has a plurality of elongated slotted passages 22 (col. 2, lines 21-23). Each of said flanges 19 has a plurality of elongated slatted passages 22 (col. 2, lines 21-23). The header 21 and said stud 2<5 arc made of steel (col. 2, lines 11-14).

The patent owner should note that the patent claims have beep, copied and annotated with the reference numerals of Paquette. This has been done to assist the owner in understanding how the reference is being applied to the claims. Grammatical errors in the patent text have not been corrected.

It is noted that an issue not within the scope Of reexamination proceedings has been raised. The issue of priority of invention is beyond the scope of a reexamination proceeding. The issue will not be considered in reexamination proceeding. 37 CFK-i.552(c). While this issue is not within the scope of reexamination, the patentee is advised that it may be desirable to consider filing a reissue application provided that the patentee believes one or more claims to be partially or wholly inoperative or invalid based upon the issue.

In order to ensure full consideration of any amendments, affidavits or declarations, or other documents as evidence of patentability, such documents must be submitted in response to this Office action. Submissions after the next Office action, which is intended to be a final action, will be governed by the requirements of 37 CFR 1.116, which will be strictly enforced.

The patent owner is reminded of the requirement under 37 CFR § 1.565 to call the attention of the Office to any prior or concurrent proceedings in which the patent is or was involved, such as interferences, reissues, or litigation and the results of such proceedings.

RESPONSE

The patent owner argues that a reexamination should not be granted if the same question of patentability has been decided previously. It is true that a reexamination should not be granted if the same question of patentability is raised in the reexamination request as was raised during the prosecution of the patent. However, the patent owner should note that different questions of patentability hive been raised here and in the application.

The patent owner argues that the question of patentability with respect to Gilmour, U.S. Patent, No. 5,040,345 is the same as the question of patentability with respect to Paquette, U.S. Patent Ho. 5,127,203. The questions of patentability are different. First, Gilmour was used in arejection under 35 USC § 103 and an affidavit under 37 CFR § 1.131 can be used to overcome this rejection. Second, the rejection of the claims over Paquette is based upon 35 USC § 102(o) and an 1.31 afitdavtt cannot be used to overcome this rejection. See MPEP 706.02(b) (4), Thus, a substantially new question of patentability has been raised by the request.

The present invention and that of Paquette appear to be substantially the same, The patent owner must determine if an interference should be used to resolve this issue. The patent owner is reminded that a reissue application must be filed if the interference is to be conducted in the U.S. Patent and Trademark Office.

3. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Anthony Knight whose telephone number is (703) 308-3179.

ANTHONY KNIGHT
PRIMARY EXAMINER
Group 3500

AK

December 9, 1997

EXHIBIT 4

December 31,1997

Mr. Jim Day
Clark Construction Group
San Francisco Civic Center Renovation
544 Golden Gate Avenue
San Francisco, California 94102

Subject: **Patent Infringement**

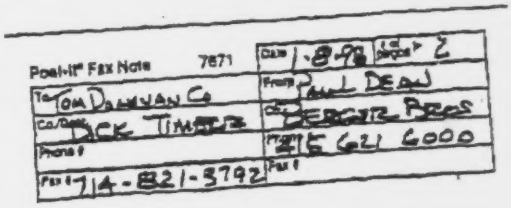
Dear Mr. Day;

It is our understanding that SLP-TRK™ slotted header track, from Sliptrack Systems, Inc. may be used on your construction project. This letter is to inform you this product, being manufactured by CEMCO, infringe! on our patent #5,127,203.

The U. S. Patent and Trademark Oflfice, upon reexamination of Sliptrack Systems patent voided their patent and noted their patent and product infringed on Metni-Lite, Inc.'s patent. As the general contractor, on a project where products are used infringing on our patent, the Clark Construction Group may hive liability if you take no action to stop its use along with the owner, architect, framing subcontractor, manufacturer, and seller of this product under U. S. Patent Law.

We are in the process of notifying the owner, architect, and framing subcontractor of this situation. We are asking the framing subcontractor to voluntarily stop using this patent infringing product and return the remaining stock to their supplier or manufacturer.

Metal-Lite, Inc. has enough stock on hand to furnish any material requirement the contractor has without disrupting your project's schedule. If you have any questions or need additional information, pleaao call us.


Post-it® Fax Note 7671 | Date 1-29-98 | # of pages ▶ 2
To TOM DONOVAN CO | From PAUL DEAN
Co./Dept. DICK TIMMER | Co. BERGER BROS
Phone # | Phone # 562 621 6000
Fax # 714-821-3792 | Fax #

Sincerely,
Mttal-Lite, Inc.

Thomas R. Herren
Owner/Inventor

160 North Blue Gym Avenue
Anaheim, California 92806
1-800-866-6824
TEL (714) 632-5736
FAX (714) 632-5738

PROOF OF SERVICE

I am over the age of 18 years, employed in the County of Los Angeles, and not a party to the above entitled action. My business address is 433 N. Camden Drive Fourth Floor Beverly Hills, California 90210.

On 2-/19/98-I served:

[PROPOSED] COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

by placing a true copy thereof in a sealed envelope, addressed as follows to:

Donald M. Cislo, Esq.
CISLO & THOMAS LLP
233 Wilshire Blvd., Suite 900
Santa Monica, CA 90401
Fax (310) 394-4477

[X] BY MAIL: I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on the same day with postage thereon fully prepaid at Beverly Hills, California, in the ordinary course of business. I am aware that on the motion of the party served, service is presumed invalid if the postal cancellation date or postage meter date is more than one day after the date of deposit for mailing shown on this proof of service.

[X] BY FACSIMILE: I caused a copy of such document to be sent via facsimile machine to the office of the addressee(s) at the phone number shown above.

[ ] BY PERSONAL SERVICE: [ ] (Federal Court): I caused such envelope to be delivered by hand to the offices of the

addressee(s); [ ] (State Court): By personally delivering by hand to the offices of the addressee(s).

[X] FEDERAL: I declare, under penalty of perjury under the laws of the United States that the foregoing is true and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on 2/19/98 at Beverly Hills, California.

/s/ Michiko Speier
Michiko Speier

R. Joseph Trojan, Bar. No. 137067
Eric J. Aagaard, Bar. No. 176636
Shelly Sanchez Maurer
Bar No. 180377
TROJAN LAW OFFICES
433 North Camden Dr., Suite 400
Beverly Hills, CA 90210
Telephone: (310)281-1662

FILED
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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

Attorney for Plaintiffs, SLIP SYSTEMS, INC. and TODD A. BRADY

IN THE UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

Civil Action No.

SLIP SYSTEMS, INC. a California corporation, and TODD A. BRADY, an individual,

Plaintiffs,

METAL LITE, INC., a California corporation, THOMAS R. HERREN, an individual, and GENE N. CARPENTER,

COMPLAINT FOR DAMAGES AND INJUNCTTVE RELIEF FOR:

1. PATENT INFRINGEMENT OF U.S. NO. 5,127,760
2. DECLARATORY JUDGMENT OF NON-INFRINGEMENT, INVALIDITY AND UNENFORCEABILITY OF U.S. PATENT NO. 5,127,203, AND
3. RELIEF FROM INTERFERENCE WITH U.S. PATENT NO. 5,127760
4. UNFAIR COMPETITION PURSUANT TO 15 U.S.C. § 1125(a)
5. INTENTIONAL INTERFERENCE WITH

an individual.

BUSINESS OR OTHER ECONOMIC RELATIONSHIP

6. UNFAIR COMPETITION UNDER CALIFORNIA LAW

Defendants.

JURY TRIAL DEMANDED.

Plaintiffs hereby allege as follows:

1. Plaintiff Slip Systems, Inc. (hereinafter, "SLIP SYSTEMS") is a California corporation owned and operated by plaintiff Todd A. Brady (hereinafter, "BRADY") who inturn is the owner of United States Patent No. 5,127,760 (hereinafter,"'760 PATENT'") issued on July 7, 1992 and attached hereto as Exhibit 1. The '760 patent sets forth a vertically slotted header device. Plaintiffs SLIP SYSTEMS and BRADY manufacture and sell vertically slotted headers which are the commercial embodiment of the '760 PATENT.

2. On information and belief, plaintiffs alleges that defendant Metal Lite, Inc. (hereinafter, "METAL LITE"), is a California Corporation which manufactures, uses, purchases and/or sells vertically slotted header devices which infringe the '760 PATENT (hereinafter "ACCUSED DEVICES"). Further, plaintiffs contend that none these ACCUSED DEVICES were manufactured by plaintiffs, nor were any of the ACCUSED DEVICES ever, in any manner, licensed to be manufactured, purchased and/or sold by the defendants.

3. On information and belief, plaintiffs alleges that defendant Thomas R. Herren, (hereinafter, "HERREN"), an individual, manufactured, purchased and/or sold vertically slotted header devices which infringe the '760 PATENT

(hereinafter "ACCUSED DEVICES"). Further, plaintiffs contend that none these ACCUSED DEVICES were manufactured by plaintiffs, nor were any of the ACCUSED DEVICES ever, in any manner, licensed to be manufactured, purchased and/or sold by the defendants.

4. On information and belief, plaintiffs alleges that defendant Gene N. Carpenter, (hereinafter, "CARPENTER"), an individual, manufactured, purchased and/or sold vertically slotted header devices which infringe the '760 PATENT (hereinafter "ACCUSED DEVICES"). Further, plaintiffs contend that none these ACCUSED DEVICES were manufactured by plaintiffs, nor were any of the ACCUSED DEVICES ever, in any manner, licensed to be manufactured, purchased and/or sold by the defendants.

II. JURISDICTION AND VENUE.

5. This Court has original subject matter jurisdiction over the claims for patent infringement pursuant to 28 U.S.C. § 1338(a).

6. The Court has original subject matter jurisdiction over the declaratory relief claims here in pursuant to the Declaratory Judgments Act, 28 U.S.C. § 2201, *et seq.*, and pursuant to 28 U.S.C. § 1138 (a).

7. The Court has original subject matter jurisdiction over the interference claims herein under 35 U.S.C. § 291 and 35 U.S.C. § 146 2nd ¶

8. The Court has original subject matter jurisdiction over the unfair competition and interference with business or economic relationships claims herein under 15 U.S.C. § 1051 and 28 U.S.C. § 1338(b).

9. The Court has jurisdiction over the related state claims under the principles of supplemental jurisdiction pursuant to 28 U.S.C. § 1338(b) and 28 U.S.C. § 1367(a).

10. The Court has personal jurisdiction over defendant METAL LITE because METAL LITE has manufactured, used, sold, and/or offered to sell, ACCUSED DEVICES within the Central District of California.

11. The Court has personal jurisdiction over defendant HERREN because HERREN has manufactured, used, sold, and/or offered to sell, ACCUSED DEVICES within the Central District of California.

12. Likewise, the Court has personal jurisdiction over defendant CARPENTER because CARPENTER has manufactured, used, sold, and/or offered to sell, ACCUSED DEVICES within the Central District of California.

13. Venue is proper within the Central District of California pursuant to 28 U.S.C. § 1400(b) because defendants METAL LITE, HERREN and CARPENTER are entities which each reside within the Central District of California and/or they each have sufficient contacts within the Central District of California to legally reside within said district for purposes of venue under 28 U.S.C. § 1391(c). Venue is also proper with the Central District because the plaintiffs each reside or have their places of business within the Central District and because the defendants have marketed, advertised, distributed, manufactured, used and sold the ACCUSED DEVICES with the Central District of California.

III. CLAIM FOR PATENT INFRINGEMENT OF U.S. PATENT 5,127,760 PURSUANT TO 35 U.S.C. § 271.
(First Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

14. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 13, inclusive.

15. Plaintiff BRADY is the lawful owner of the '760 PATENT. Defendants METAL LITE, HERREN and CARPENTER have violated the plaintiffs patent rights by engaging in the manufacture, use and/or sale of ACCUSED DEVICES. The ACCUSED DEVICES manufactured, used and/or sold by METAL LITE, HERREN and CARPENTER, infringe the plaintiffs invention described and claimed in the '760 PATENT attached hereto as Exhibit 1. As a legal consequence of each defendants' infringement, plaintiffs are entitled to lost profits, damages for price erosion, pre-judgment interest, and a permanent injunction.

16. On information and belief, the infringement of the '760 PATENT resulting from the actions of METAL LITE, HERREN and CARPENTER has been willful in that each defendant has been placed on notice of the plaintiff's rights and each defendant has refused to cease and desist from further infringement of the '760 PATENT and has refused to provide an accounting. Neither, METAL LITE, HERREN or CARPENTER has offered any justification for each defendant's respective violation of the patent laws. This failure to provide any justification, constitutes wilful infringement under 35 U.S.C. §§ 284 and 285, which entitles plaintiff to treble damages and attorney fees.

17. As a direct result of said infringement, plaintiffs have been irreparably harmed, including but not limited to lost sales, profits and market share.

IV. CLAIM FOR DECLARATORY RELIEF OF NON-INFRINGEMENT,INVALIDITYANDUNENFORCEABILTY OF U.S. PATENT NO. 5.127.203.
(Second Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

18. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 17, inclusive.

19. Plaintiffs, on information and belief, contend that Defendants are the assignee of United States Letters Patent No. 5,127,203 ('203 PATENT) titled "Seismic/Fire Resistant Wall Structure and Method" issued on July 7,1992 to Robert F. Paquette.

20. There is a justiciable controversy between the plaintiffs and the defendants concerning the validity, scope and enforceability of the '203 PATENT in as much as the defendants have accused plaintiffs' products of infringing the '203 PATENT, have demanded payment of damages, and have threaten legal action against plaintiffs thereby putting plaintiffs in reasonable apprehension that a civil action will be brought. Defendants have not withdrawn their accusations or their threat of legal action.

21. Pursuant to U.S.C. § 282(1), plaintiffs allege that their products do not infringe any claim of the '203 PATENT.

22. Thus, an actual and continuing justiciable controversy exists between plaintiffs and the defendants as to the validity and scope of the '203 PATENT in suit and as to whether any of plaintiffs' products infringe any claim thereof.

23. Pursuant to 35 U.S.C. § 282(2), on information and belief, plaintiffs allege that the '203 PATENT is invalid and unenforceable.

24. Pursuant to 35 U.S.C. § 102(a), on information and belief, plaintiffs allege that the '203 PATENT is invalid as the invention(s) described in the '203 PATENT were known or used by others in the United States before the invention thereof by the applicant of the '203 PATENT.

25. Pursuant to 35 U.S.C. § 102(g), on information and belief, plaintiffs allege that the '203 PATENT is invalid since before the '203 PATENT'S applicant's creation of the invention(s) described in the '203 PATENT said invention(s) were made in the United States by another who had not abandoned, suppressed, or concealed said invention(s). On information and belief, plaintiffs allege that the first to conceive and reduce to practice said invention(s) was plaintiff BRADY. Further, that BRADY was at all time reasonably diligent in the reduction to practice of said inventions(s).

26. Pursuant to 35 U.S.C. § 103, on information and belief, plaintiffs allege that the '203 PATENT is invalid as the invention(s) described in the '203 PATENT is obvious in view of the relevant prior art and/or plaintiffs' invention as set forth in the '760 PATENT.

27. In spite of having notice of the existence of facts which clearly and convincingly demonstrate that plaintiffs' products do not infringe the '203 PATENT, and facts which clearly and convincingly demonstrate that the '203 PATENT is invalid and unenforceable, defendants have' chosen to make their accusations of patent infringement and threats of legal action against the plaintiffs. Such threats against the plaintiffs under the auspices of a clearly meritless claim and a clearly invalid and unenforceable patent constitute exceptional misconduct under 35 U.S.C. § 285, thereby

entitling plaintiffs to their attorneys fees in bring and prosecuting this action.

V. CLAIM FOR RELIEF FROM INTERFERENCE WITH U.S. PATENT NO. 5.127.760.
(Third Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

28. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 27, inclusive.

29.Pursuant to 35 U.S.C. § 291 the owner of an interfering patent may have relief against the owner of another by civil action and in doing the Court may adjudge the question of validity of the interfering patent.

30. The subject matter of the invention set forth in the claims (taken in light of the specification and drawings) of the '203 PATENT clearly is the same as the subject matter set forth in the claims (taken in light of the specification and drawings) of the' 760 PATENT. As such, there exists an interference between the '203 PATENT and the '760 PATENT.

31. Pursuant to 35 U.S.C. § 102(g), on information and belief, plaintiffs allege that the '203 PATENT is invalid since before the '203 PATENT'S applicant's creation of the invention^) described in the '203 PATENT said invention(s) were made in the United States by BRADY who had not abandoned, suppressed, or concealed said invention(s). On information and belief, plaintiffs allege that the first to conceive and reduce to practice said invention(s) was plaintiff BRADY. Further, that BRADY was at all time reasonably diligent in the reduction to practice of said invention(s).

32.Pursuant to 35 U.S.C. § 103, on information and belief, plaintiffs allege that the '203 PATENT is invalid as it is obvious in view of the relevant prior art and/or plaintiffs' invention as set forth in the '760 PATENT.

33.Thus, since the '203 PATENT interferes the '760 PATENT and since the '760 PATENT has priority over the '203 PATENT the '203 PATENT is invalid.

VI. CLAIM FOR UNFAIR COMPETITION PURSUANT TO 15 U.S.C. 5 1125(a)
(Fourth Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

34. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 33, inclusive.

35. Plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, have circulated and otherwise transmitted various forms of correspondence (written and/or oral in nature) which contain false and/or misleading statements, and various misstatements of fact. Said correspondence was circulated to multiple third parties including customers of the plaintiffs.

36. Plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, made said wrongful statements intentionally.

37. These wrongful statements included claims that the defendants are the sole parties to hold a valid patent for slotted tracks or header devices. *See* Exhibits 3 and 4. That plaintiffs' patent was issued after defendants' patent. *See* Exhibit 3 That plaintiffs' patent violated defendants' patent *Id.* That the United States Patent Office determined that plaintiffs' patent was improperly granted. *Id.* That the

United States Patent Office determined that plaintiffs' patent is invalid and/or void. *See* Exhibits 3 and 4. Also, defendants and/or their agents, wrongfully threatened that any supplier, manufacturer, installer or end-user of plaintiffs' products was liable for patent infringement. *Id.*

38. Thus, it is clear that defendants' actions constitute unfair competition in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Plaintiffs, on information and belief, allege that said wrongful action of the defendants were done willfully and with full knowledge of the true and relevant facts.

39. As a direct result of defendants' wrongful actions, plaintiffs have been irreparably harmed, including but not limited to lost sales, disruption of business relationships and harm to plaintiffs' good will.

VII. CLAIM FOR INTENTIONAL INTERFERENCE WITH BUSINESS OR OTHER ECONOMIC RELATIONSHIP
(Fifth Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

40. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 39, inclusive.

41. Plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, have circulated and otherwise transmitted various forms of correspondence (written and/or oral in nature) which contain false and/or misleading statements, and various misstatements of fact. Said correspondence was circulated to multiple third parties including customers of the plaintiffs.

42. These wrongful statements included claims that the defendants are the sole parties to hold a valid patent for

slotted tracks or header devices. *See* Exhibits 3 and 4. That plaintiffs' patent was issued after defendants' patent. *See* Exhibit-3 That plaintiffs' patent violated defendants' patent.. *Id* That the United States Patent Office determined that plaintiffs' patent. was improperly granted. *Id.* That the United States Patent Office determined that plaintiffs' patent is invalid and/or void. *See* Exhibits 3 and 4. Also, defendants and/or their agents, wrongfully threatened that any supplier, manufacturer, installer or end-user of plaintiffs' products was liable for patent infringement. *Id.* 24

43. Plaintiffs, on information and belief, allege that defendants were fully aware at the time said wrongful statements were made of plaintiffs' business and economic relationships with various third parties including plaintiffs' customers. Further, plaintiffs, on information and belief, allege that defendants and/or their agents, attorneys, or the like, made said wrongful statements intentionally and with the desire to interfere with said relationships.

44. Thus, it is clear that defendants' actions constitute interference with business and/or economic relations between plaintiffs and various third parties including plaintiffs customers. Plaintiffs, on information and belief, allege that said wrongful action of the defendants were done willfully and with full knowledge of the true and relevant facts.

45. As a direct result of defendants' wrongful actions, plaintiffs have been irreparably harmed, including but not limited to lost sales, disruption of business relationships and harm to plaintiffs' good will.

VII. CLAIM FOR UNFAIR COMPETITION UNDER CALIFORNIA LAW
(Sixth Cause of Action)
(Against defendants METAL LITE, HERREN and CARPENTER)

46. Plaintiffs hereby incorporate by reference the allegations contained in paragraphs 1 through 45, inclusive.

47. The actions of the defendants, and each of them, as previously alleged, constitute unfair competition with the plaintiffs in violation of the laws of the State of California, including but not limited to California Business and Professions Code § 17200 *et seq.* and California common law.

48. All said wrongful actions of the defendants have caused damages and irreparable injury to the plaintiffs as previously alleged, including but not limited to lost sales, disruption of business relationships and harm to plaintiffs' good will.

K. DEMAND FOR JURY TRIAL.

49. Plaintiffs hereby exercise their rights to a jury trial under the Seventh Amendment to the United States Constitution and hereby demand a jury trial in accordance therewith.

50.WHEREFORE PLAINTIFFS PRAY FOR THE FOLLOWING RELIEF:

a. An injunction barring the defendants and all of their agents, attorneys and assigns from manufacturing, using and/or selling any product that infringes upon the '760 PATENT;.

b. A judgment against each of the defendants METAL LITE, HERREN and CARPENTER in the amount of

compensatory damages, including lost profits and price erosion, adequate to compensate plaintiffs for all of their losses;

c. All profits obtained by METAL LITE, HERREN and/or CARPENTER from the sale of infringing merchandise by which METAL LITE, HERREN and/or CARPENTER have each been unjustly enriched;

d. Treble damages and attorney fees pursuant to 35 U.S.C. § 284 and 285 for the willful infringement of the '760 PATENT by each of the defendants METAL LITE,. HERREN and CARPENTER;

e. Costs of suit and prejudgment interest against each of the defendants METAL LITE, HERREN and CARPENTER.

f. Any and all other relief that the Court deems proper.

Respectfully Submitted,

TROJAN LAW OFFICES
by

Date: 1/9/98 /s/ Eric J. Aagaard
Eric J. Aagaard
Attorneys for SLIP SYSTEMS, INC. and TODD A. BRADY

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re the application of
Todd A. Brady
Serial No. 07/557,755
Filed: July 26,1990
VERTICALLY SLOTTED HEADER

Examiner: De Liguori, Franco S.
Art Unit 351

RECEIVED JUL 17, 1991

AMENDMENT

Hon. Commissioner of
Patents and Trademarks
Washington, D.C. 20231

Sir:

This amendment is in response to the Examiner's Office Action dated March 29, 1991, Paper No. 2 and the Examiner's communication dated April 22, 1991 in which the response period was restarted.

Please amend the specification as follows:

Page 13, line 7, delete first "said" and replace with --the--;

delete second "said" and replace with --the--.

Page 13, line, 8, delete "said" and replace with --the--.

Page 13, line 9, delete "said" and replace with --the--.

Page 13, line 10, delete-"said" and replace with --the--; delete "attachment means" and replace with --screws--.

Page 13, line 11, delete the first, second, and third "said" and replace with - -the- - in each case.

Page 13, line 12, delete "said" and replace with --the--.

Please amend the claims as follows:

1. [amended] A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said [stud] assembly comprising:

a header having a web and flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical slot therein;

a stud having a width less than the distance between said flanges of said header and having a top end;

said stud [being aligned with said vertical slot] having at least one hole formed therein proximal to said top end; [and] said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical, slot: and

an attachment means passing through said slot and through said hole to [unit] slideably unite said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

Claim 4, line 4: Delete "without".

Please add the following claims:

~~10.~~ 6. The building construction assembly of claim 1 wherein: said slot has an upper end;

said web of said header has a bottom surface; and,

said hole formed in said stud is located so that said top end of said header is in contact with said bottom surface of said web when said attachment means is in contact with said upper end of said slot.

~~11.~~ 7. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said assembly comprising:

a header having a web with a bottom surface and having flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical slot therein with said slot having an upper end;

a stud having a width less than the distance between said flanges of said header and having a top end;

said stud having at least one hole formed therein proximal to said top end

said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical slot;

an attachment means passing through said slot and through said hole to slideably unite said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header; and)

said hole formed in said stud, located so that said top end of said header is in contact with said bottom surface of said web when said attachment means is in contact with said upper end of said slot.

~~12.~~ 8. The building construction assembly of claim ~~11~~ 7 wherein at least one of said flanges has a plurality of elongated slotted passages.

~~13.~~ 9. The building construction assembly of claim ~~11~~ 7 wherein each of said flanges has a plurality of elongated slotted passages.

~~14.~~ 10. The building construction assembly of claim ~~11~~ 7 said header and said stud are made of steel.

Please cancel claims 6 through 9.

REMARKS

The applicant respectfully traverses the Examiner's rejection based, upon obviousness based upon Nelsson in view of Pall and Robertson. As the Examiner may recall, Nelsson describes a header having two flanges that are well known in the prior art. The Examiner has described Pall as disclosing a slip joint. The Examiner contends it would be obvious to combine Nelsson and Pall to create the present invention. The Applicant disagrees for the following reasons:

Pall discloses a much more complicated structure than just a slip joint. Pall's slip joint is but one element in a unique structure that permits the dissipation of seismic energy through the insertion of friction members or slipping surfaces at the slip joints. See Pall, Col. 3, lines 30-34. Pall teaches that the friction members should preferably be brake lining pads. See Pall, Col. 2, lines 46-49. According to Pall, the conversion of seismic energy to frictional energy is

accomplished by the movement of the diagonal braces against the brake pads during an earthquake. See Pall, Col. 3, lines 30-34; Col 4, lines 32-39. In this way, the seismic energy is harmlessly dissipated by the brake pads thereby preventing damage to the structural integrity of the building. Pall repeatedly emphasizes the importance of friction members as part of the slip joint in his invention. See Pall, Col. 3, lines 30-38, 52-55; Col 4, lines 5-6, 59-61.

Furthermore, the diagonal slip joint must be diagonal in Pall for the physical principles at work in Paul to operate properly. See Figures 5 and 8. This is because the braces must be diagonal or at least angular. See Pall, Col. 2, lines 8-9, 16-17, 20-21 and 29; Col. 3, lines 25-26. If the braces were not diagonal, but instead were vertical and horizontal, they would not allow the building frame 10 to sway in the manner envisioned by Pall. Therefore, Pall teaches that the slip joints must be diagonal or angular to accommodate the diagonal or angular braces.

The present invention would not work if the slip joints were angular as in Pall because angular slip joints would not permit the vertical movement that is the objective of the Applicant's invention. Pall and the present Applicant have invented two different approaches to similar problems. The fact that they both use a slip joint as part of their inventions does not mean that the Applicant's invention is obvious. For this reason as well, Pall cannot be combined with Nelsson to create the present invention.

Another highly significant limitation in Pall is the fact that all the relevant embodiments require that the slip joint be attached to a gusset 20, 20c, 20d. (The only embodiment that does not have this requirement is shown in Figure 10. A cursory inspection of Figure 10 will reveal that it is not even remotely related to the present invention. See Co. 4, lines (49-68.) Since all the relevant embodiments

in Pall require that the slip joint be attached to a gusset, it is improper for the Examiner to claim that the slip joint could be attached directly to a beam when Pall teaches otherwise. See Pall, Col. 3, lines 36-38, 62-68; Col. 4, lines 1-5.

For all of the reasons cited. Pall does not teach one skilled in the art to use a plurality of slip joints as part of a header as the present invention claims. In fact, the Applicant departed from the conventional wisdom in Pall, which required that a friction member be included in the slip joint. When inventors successfully ignore the conventional wisdom as was the case here, then "that fact is strong evidence of nonobviousness." W. L. Gore & Associates, Inc. v. Garlock. Inc., 220 U.S.P.Q. 303, 312 (Fed. Cir., 1983), *see also,* United States v. Adams, 383 U.S. 39 (1966).

One might be tempted to argue that the Applicant has done nothing more than eliminate the friction member from the slip joint in Pall. For all the reasons stated, such an argument would be improper. But it would also be improper for another reason: The elimination of an element from a prior art structure to create a new structure that works does constitute invention. As the Seventh Circuit has instructed, one may receive ". . . a patent for a combination, even though it produced the same result as other such devices, if it produced the result with fewer elements than had theretofore been used or thought necessary," Glade v. Walgreen Co., 50 U.S.P.Q. 407, 409-410 (7th Cir., 1941), *see also,* Deering Milliken Research Corp. v. Beaunit Corp., 182 U.S.P.Q. 421, 426 (D.C.N.C., 1974). In the present case, the Applicant has done just that. He has designed a structure that is useful in preventing damage to walls during an earthquake without the use of brake pads that are essential in Pall. Therefore, in accordance with the holding in Glade, the Applicant is entitled to a patent for his invention.

So far we have assumed that Pall and the Applicant are both trying to solve the same problem. That is not entirely true. It is true that they both seek to prevent damage to buildings during an earthquake. But the similarity ends there. Pall's invention is designed to prevent damage to a buildings infrastructure to prevent its collapse. The Applicant's invention is *not* designed to prevent damage to the infrastructure in any way whatsoever. It is intended to prevent cracking in walls during earthquakes and other environmental stresses by allowing the header to float up and down. This radical difference in objectives further limits the usefulness of Pall as prior art since the present invention attacks a substantially different problem than the one resolved by Pall.

The Applicant now turns to the Examiner's citation to Robertson. There is no doubt that Robertson contains slots 5 and 12b. But the fact that Robertson contains one element of Applicant's invention does not mean that Robertson teaches, or even suggests, to one skilled in the art how to combine Robertson, Pall, and Nelsson to make the whole invention. As the Federal Circuit has admonished, ". . . prior art references in combination do not make an invention obvious unless something in the prior art references would suggest the advantage to be derived from combining their teachings." In re Sernaker, 217 U.S.P.Q. 1, 6 (Fed. Cir., 1983). Therefore, the legal question is whether Robertson suggests any advantage in combining its teachings with Nelsson or Pall.

The answer is emphatically no. Robertson states that the purpose of having angular slot 5 is to ". . . compensate for any irregularity occurring in the floor surface." Robertson, Col. 3, Lines 27-28. Additionally, Robertson states that vertical slot 12b is also to ". . . compensate for any irregularities in the floor surface." Robertson, Col. 3, Lines 70-71. This singular purpose for the slots is emphasized

throughout the Robertson patent. See Robertson, Col. 1, Lines 22-26; Col. 2, Lines 4-5, 59-61. No where does Robertson suggest that the slots may be used to permit the walls to fluctuate in response to variations in environmental conditions. In fact, the locking bolts 6 and 13 would prevent the walls in Robertson from moving at all relative to the slots 5 and 12b. See Robertson, Col. 3, Lines 23 and 67. Hence, it is entirely improper to combine Robertson with Nelsson to arrive at the present invention when there is not the slightest suggestion to do so in either patent.

Furthermore, the slots in Robertson could not function as they do in the present invention. The slot 5 in the flange 4a is angular. See Robertson, Col. 3, Lines 21-22. As a consequence, the top and bottom edges of the slot 5 would hinder vertical movement, which the present invention is designed to permit. Slot 12b, even though it is vertical, is not capable of allowing fluctuations in response to environmental conditions because corner post 12 to which slot 12b is secured is anchored to the floor by way of base piece 11. See Robertson, Col. 3, Lines 54-71. Therefore, the Robertson invention not only does not suggest the present invention, it is also incapable of serving the same function as the present invention.

The fact that the present applicant's invention is comprised of old elements is of no legal significance. As the Federal Circuit teaches, "That all elements of an invention may have been old (the normal situation). . . is, however, simply irrelevant. Virtually all inventions are . . . combinations of old elements." Environmental Designs. Ltd. v. Union Oil Co. of California, 218 U.S.P.Q. 865, 870 (Fed. Cir., 1983). The key consideration is ". . . what the prior art as a whole would have suggested to one skilled in the art." Environmental Designs. Ltd., at 870. No where in the prior art is there any suggestion to place elongated slots in the flanges of a header to allow the header to move vertically in

response to environmental pressures as claimed by the present applicant. In fact, the motivation for doing so, namely to prevent cracking of walls, is not even addressed in the patents cited by the Examiner.

The Applicant respectfully disagrees with the Examiner's contention that Robertson teaches in Figure 2 the use of elongated slots to connect header and stud elements to permit relative vertical movement. First, there is no header in Figure 2 of the Robertson patent. Figure 2 has a lower and upper channel 3 and 4 that are both parts of a complicated base member 2. No header is involved whatsoever.

To construct the present invention from the structure shown in Figure 2 of Robertson, one would have to do all of the following:

1. Eliminate the top channel 4;

2. Create vertical, elongated slots in the bottom channel where none now exist;

3. Detach the stud 7 from the top channel;

4. Eliminate angle piece 7a;

5. Replace locking bolt 6 with a nonlocking bolt;

6. Detach bottom channel 3 from the floor;

7. Insert stud 7 into bottom channel 3;

8. Drill holes in stud 7 to accommodate nonlocking bolts; and

9. Turn the resulting structure upside down to convert the bottom channel into a header.

Where is there any suggestion in the prior art to do any of these things let alone all of them?

An obviousness rejection cannot stand where such wholesale re-designing of the prior art is required to arrive at the present invention. As the Federal circuit instructs, "It is wrong to use [the present invention]...as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claims...". Orthopedic Equipment Company. Tno. v. United States, 217 U.S.P.Q. 193, 199 (Fed. Cir., 1983). Yet that is exactly what one would have to convert Robertson, Pall, and Nelsson into the present invention. It is clearly improper.

Turning to the claims, claim 1 has been amended in two ways. First, the Examiner's question of how the stud is aligned with the vertical slot has been answered by adding hole 22 proximal to top end 40 of the stud as an element of the claims. The hole 22 serves as a reference point on the stud which is used to align the stud and the slot. This amendment should overcome the Examiner's § 112 rejection based upon indefiniteness with respect to claim 1 and the claims dependent therefrom. Claim 4 has been amended by deleting the word "without". This deletion makes the claim understandable thereby overcoming the Examiner's specific § 112 rejection with respect to Claim 4.

Claim 1 has also been amended to indicate that the header and stud are "slideably" united to each other to distinguish the present invention from the prior art.

Claim 10 has been added. This claim includes the limitations of the particular preferred embodiment

described in the specification at page 7, lines 15-23. As the Examiner may recall from the specification, if the hole 22 is positioned too close to the top end 40 of the stud, then the attachment means 20 will bare the full downward force of the header. However, if the hole 40 is positioned properly, then the top end 40 of the stud will abut against the bottom surface 38 of the web when the attachment means is in its maximum upward position. There is nothing in the prior art that even addresses this structural problem. Therefore, claim 10 is patentable.

Claim 11 is a combination of the elements in claims 1 and 10. The dependent claims 12 through 14 are patentable because claim 11 from which they are dependent is patentable.

Claims 6 through 9 have been cancelled.

The change requested by the Examiner in the preamble to claim 1 regarding "said assembly" has been made.

The Examiner's objection to the Abstract has been overcome by deleting the legal terminology.

The Applicant has noted the Examiner's objection to the drawings and will submit new drawings upon receiving a notice of allowance of the claims.

For all the reasons stated, the applicant respectfully requests that claims 1 through 5 and claims 10 through 14 be passed to publication.

Respectfully Submitted,

TROJAN LAW OFFICES
by

Date: July 11, 1991

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UNITED STATES DEPARTMENT OF COMMERCE
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SERIAL NUMBER 07/557,755

FILING DATE 07/26/90

FIRST NAMED INVENTOR BRADY

EXAMINER DE LIGUORI, F.

ART UNIT 351

PAPER NUMBER 2

DATE MAILED 03/29/91

R. JOSEPH TROJAN
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LOS ANGELES, CA 90017

This is communication from the examiner in charge of your application. COMMISSIONER OF PATENTS AND TRADEMARKS

☒ This application has been examined
☐ Responsive to communication filed on _____
☐ This action is made final.

A shortened statutory period for response to this action is set to expire 3 month(s), __ days from the date of this letter. Failure to respond within the period for response will cause the application to become abandoned. 35 U.S.C. 133

Part I THE FOLLOWING ATTACHMENT(S) ARE PART OF THIS ACTION:

1. ☒ Notice of References Cited by Examiner, PTO-892.
2. ☒ Notice re Patent Drawing, PTO-948.
3. ☒ Notice of Art Cited by Applicant, PTO-1449.
4. ☐ Notice of Informal Patent Application, Form PTO-152.
5. ☐ Information on How to Effect Drawing Changes, PTO-1474.
6. ☐ _____

Part II SUMMARY OF ACTION

1. ☒ Claims 1-9 are pending in the application. Of the above, claims _____ are withdrawn from consideration.
2. ☐ Claims _____ have been cancelled.
3. ☐ Claims _____ are allowed.
4. ☒ Claims 1-9 are rejected.
5. ☐ Claims _____ are objected to.
6. ☐ Claims _____ are subject to restriction or election requirement.
7. ☐ This application has been filed with informal drawings under 37 C.F.R. 1.85 which are acceptable for examination purposes.
8. ☐ Formal Drawings are required in response to this Office action.
9. ☐ The corrected or substitute drawings have been received on _____. Under 37 C.F.R. 1.84 these

drawings are ☐ acceptable; ☐ not acceptable (see explanation or Notice re Patent Drawing, PTO-948).

10. ☐ The proposed additional or substitute sheet(s) of drawings, filed on _____. has (have) been ☐ approved by the examiner; ☐ disapproved by the examiner (see explanation).
11. ☐ The proposed drawing correction, filed _____, has been ☐ approved; ☐ disapproved (see explanation).
12. ☐ Acknowledgement is made of the claim for priority under U.S.C. 119. The certified copy has ☐ been received ☐ not been received ☐ been filed in parent application, serial no. _____; filed on _____.
13. ☐ Since this application appears to be in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under Ex parte Quayle, 1935 D.C. 11; 453 O.G. 213.
14. ☐ Other

Serial No. 557755
Art Unit 351

The Abstract of the Disclosure is objected to because it contains legal terminology (i.e., means, said) in lines 7-12. Correction is required. See M.P.E.P. § 608.01(b).

Claims 1-9 are rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point our and distinctly claim the subject matter which applicant regards as the invention.

Re: claim 1, line 3, --said assembly-- should be inserted before "comprising" for clarification. In line 10, how is the stud "aligned" with the vertical slot (see also claim6, line 9)?

Re: claim 4, lines 4-6 are indefinite and thereby not understood.

The following is a quotation of 35 U.S.C. § 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whold would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

> Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claims 1-9 are rejected under 35 U.S.C. § 103 as being unpatentable over Nelsson in view of Pall and Robertson.

Nelsson discloses a building structure which differs from the invention as claimed in claims 1-9 in the elongated slots are not formed in the flanges of header 22 receiving fastening means secured to stud 26 to allow restricted vertical movement of header 22 relative to stud 26.

Pall discloses a building construction (figures 1-2) including structural elements 20 and 18 connected by a slip joint including an elongated slot 24 and fastener 26. The slip joint is tightened enough to maintain the structural elements secured while allowing restricted relative vertical (i.e., vertical component) movement of the elements in response to the application of force thereof as a result of an earthquake (environmental forces). Furthermore, Robertson teaches the provision of an elongated slot 5 on the base portion 4 of a stud element 7 for permitting vertical adjustment of stud 7 with respect to a header 3 (see figure 2). Applicant should note that a "header" is interpreted as a beam place between two long beams that supports the ends of the long beams.

It would have been obvious to one of ordinary skill in the art to secure header 22 to studs 26 in Nelsson by a slip joint including an elongated slot on the header and fastener passing through the stud element in view of the recognition in the art, as evidenced by Pall, that a slip joint would permit connection of the header to the stud elements while allowing relative vertical motion (i.e., vertical force component) between the header and stud elements (construction elements) upon the application of force due to environmental forces such as an earthquake. Furthermore, the provision of elongated slots in the connection of header and stud elements to permit relative vertical movement thereof is taught by Robertson in figure 2.

Re: claims 2, 3, 7 and 8, Pall teaches the use of a plurality of slip joints in a building construction (figures 4-5) involving several construction elements. The provision slip joints to connect each stud element 26 to header 22 in Nelsson for the purpose of permitting relative vertical movement thereof, as evidenced by Pall, is considered to be an obvious expedient by one of ordinary skill in the art since it merely involves a multiplication or parts.

The prior art made of record and ant relied upon is considered pertinent to applicant's disclosure.

Any inquiry concerning this communication should be directed to Franco S. De Liguori at telephone number (703) 308-1264.

De Liguori/fd
March 21, 1991

FORM PTO-892 (REV. 3-78 U.S. DEPARTMENT OF COMMERCE AND TRADEMARK OFFICE	SERIAL NO. 557,755	GROUP ART UNIT 351	ATTACHMENT TO PAPER NUMBER 2
	APPLICANT(S) BRADY		

NOTICE OF REFERENCES CITED

U.S. PATENT DOCUMENTS

	DOCUMENT NO.							DATE	NAME	CLASS	SUB-CLASS
A	4	8	0	5	3	6	4	2-1989	Smolik	52	241
B	4	4	0	9	7	6	5	10-1983	Pall	52	573 xr
C	3	5	3	6	3	4	5	10-1970	Leifer	52	241 xr
D	3	3	0	5	9	9	3	2-1967	Nelsson	52	241
E	3	0	4	6	6	2	0	7-1962	Tvorik et al.	52	573
F	2	9	8	2	5	2	1	5-1961	Berish	403	230 xr
G	2	9	5	8	4	0	3	11-1960	Robertson	52	241
H	2	0	5	8	3	8	6	10-1936	Parsons	52	241
I			8	8	2	9	4	3-1869	Holmes	52	241

EXAMINER
/s/De Liguori

DATE
3/21/91

PTO-948
(Rev. 8-82)

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

NOTICE OF PATENT DRAWINGS OBJECTION

Drawing Corrections and/or new drawings may only be submitted in the manner set forth in the attached letter, "Information on How to Effect Drawing Changes" PTO-1474

A. ☒ The drawings, filed on 7/26/90, are objected to as informal for reason(s) checked below:

1. ☐ Lines Pale.
2. ☐ Paper Poor.
3. ☐ Numeral Poor.
4. ☐ Lines Rough and Blurred.
5. ☐ Shade Lines Required.
6. ☐ Figures Must be Numbered.
7. ☒ Heading Space Required. Fig. 1, 2.
8. ☐ Figures Must Not be Connected.
9. ☐ Criss-Cross Hatching Objectionable.
10. ☐ Double-Line Hatching Objectionable.
11. ☐ Parts in Section Must Be Hatched.
12. ☐ Solid Black Objectionable.
13. ☐ Figure Legends Placed Incorrectly.
14. ☐ Mounted Photographs.
15. ☐ Extraneous Matter Objectionable [37 CFR 1.84(1)]
16. ☐ Paper Undersized; either 8 ½" x 14", or 21.0 cm. X 29.7 cm. required.
17. ☐ Proper A4 Margins Required:
    ☐ TOP 2.5 cm. ☐ RIGHT 1.5 cm.
    ☐ LEFT 2.5 cm. ☐ BOTTOM 1.0 cm.

18. ☐ Other:

B. ☒ The drawings, submitted on 7/26/90, are so ? they cannot be corrected. New drawings are required. Submission of the new drawings MUST be made in accordance with the attached letter.

SPECIFICATION

VERTICALLY SLOTTED HEADER

BACKGROUND OF THE INVENTION

1. FIELD OF THE INVENTION.

This invention relates to a building construction assembly and, more particularly, to a header for allowing horizontal, non-load bearing headers to vertically fluctuate in relationship to vertical, non-load bearing wall studs to which the headers are attached. By allowing the header freedom of vertical movement, the walls that are fixed to the vertical studs are protected from cracking because the freedom of vertical movement of the header prevents translation of mechanical stresses to the walls caused by downward, environmental forces on the header.

2. BACKGROUND INFORMATION

Prior to the present invention, vertical studs were secured to horizontal headers that secured all the studs in a wall together. The walls, frequently made out of wall board or plaster board, were secured to both the vertical studs and horizontal headers. Joists were usually secured to the top of the header at right angles to the vertical studs and at right angles to the horizontal header. The joists would then extend between the headers. The floor or roof would be secured to the top of the joists. This meant that the floor or roof was rigidly secured to the header which was rigidly secured to the studs. As a consequence, any downward environmental pressures on the floor or roof were translated directly into downward pressure on the the header. This would cause the studs to bow and would also result in the headers applying downward pressure on the wall directly. As a result, the environmental forces applied to the floor or

ceiling would be translated into mechanical stress on the walls, which would result in cracks in the walls. The cracks would be further aggravated when the environmental pressure on the floor or ceiling was alleviated because the cracks would expand when the stress was relieved.

Examples of environmental stresses that cause the above kinds of problems are numerous. One of the most common examples involves the weight placed on the headers from the floors above. As a multi-story building is constructed, additional weight is placed on the headers of the lower floors as additional floors are added to the building. The present invention provides a means for the lower floors to absorb the additional stress.

Environmental stresses external to the building itself are also effectively managed by the present invention. For instance, in those parts of the country where it snows, the accummulation of snow fall on the roof can be a source of environmental pressure that will cause the cracking problem in the walls described above. In desert regions of the country, it is common for non-load bearing walls to be made out of metal studs and headers because of the shortage of readily available sources of lumber. In such hot regions of the country, the high temperatures cause the metal to expand. As a result, the wall board attached to the studs and headers is pulled with the expansion causing the walls to crack. The cooling of the metal studs and headers during the cool desert nights and re-expansion during the day aggravates the problem.

Earthquakes are another example of a source of environmental stress that can be managed by the present invention. Building construction technologies for surviving earthquakes are founded on the principle that the building should move with the earthquake. Rigid structures are more likely to suffer damage during an earthquake. The present

invention helps prevent cracks in walls caused by earthquakes by permitting the nonload bearing frame to move with the earthquake. Obviously, the invention will not be very effective during a major quake. But for structures situated in earthquake zones that suffer frequent minor quakes, the invention can be of assistance in preventing cracks in the walls.

In addition, those parts of the country that are subject to severe tropical and sub-tropical weather systems, such as those states along the gulf coast, are subject to wide fluctuations in barometric pressure. In the extreme situation in the case of a hurricane, the difference between the barometric pressure on the inside of a house and the atmospheric pressure outside can become so great that the house will actually explode. While the present invention would be of little use in that extreme situation, it would help prevent cracking of the walls during less severe weather conditions that involve substantial fluctuations in barometric pressure.

Furthermore, the environmental pressures on the floors of public buildings can be substantial. For example, the floors of office buildings must support substantial additional weight during office hours as a result of the increased foot traffic. The present invention can accommodate the additional traffic during the day and flex back to its original position when the human load is absent. The prior art would have transferred such fluctuations in environmental pressures to the walls, which would have caused cracks over time. Moreover, the present invention can accommodate increased loads caused by the addition of office furniture and equipment, which the prior art could not without causing strain on and cracking of the walls.

3. SUMMARY OF THE INVENTION:

It is the purpose of the present invention to provide a horizontal header with vertical slots with means for securing the header to vertical studs by way of the slots whereby said header can rise and fall in response to environmental forces applied to the the floor or roof.

Another object of the present invention is to provide a sufficient number of vertical slots spaced at predetermined distances from each other along the header so that studs can be secured to the header at the desired distances from each other depending upon the needs of the particular situation.

Another object of the present invention is to provide vertical slots in a header that permit vertical movement of the header while preventing horizontal movement.

Still another object of the present invention is to provide a means for securing the horizontal header to the vertical stud through the vertical slot in the header in such a way so that the securement means does not prevent vertical movement of the header.

These and other objects and advantages of the present invention will become apparent from the following detailed description of the preferred embodiment of the invention without intending to limit the scope of the invention which is set forth in the appended claims.

4. BRIEF DESCRIPTION OF THE DRAWINGS.

The advantages of the invention can be more clearly understood by reference to the drawings in which:

Figure 1 is a perspective view of a vertically slotted header secured to a vertical stud by means of a screw;

Figure 2 is an exploded perspective view of Figure 1;

Figure 3 is a side elevational view of vertically slotted header secured to a vertical stud by means of a screw;

Figure 4 is a side elevational view of the invention showing the highest, lowest and intermediate position of the header relative to the slot; and

Figure 5 is an axial view of molding attached to a ceiling to conceal the space above the wall required by the invention.

5. DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT:

Figure 1 illustrates a building construction assembly generally designated 8. The invention includes a header 10 of generally U shaped construction and a stud 12 also of generally U shaped construction. Preferrably, the header 10 and stud 12 are of metal construction as described in United States Patent No. 4,235,054. While the header 10 and stud 12 are depicted as being U-shaped, it will be apparent that the invention is not limited by the shape of the header and stud. Said header 10 and said stud 12 are gernerally positioned perpendicular to each other with said header 10 in the horizontal position and said stud 12 in the vertical position.

Said header 10 is composed of a web 14 and depending flanges 16 that are bent normal to the plane of the web 14. Said flanges 16 are spaced apart the width of the web 14. Said header 10 is usually longer than it is wide. The flanges 16 of the header 10 are formed with slots 24 cut there through. The slots 24 are perpendicular to the longitudinal axis 26 of the header 10 and are vertically elongated. See Figure 1.

In the preferred embodiment, the slots 24 are approximately 1.25 inches in length and 3/16 inches wide. The slots 24 each include a pair of generally parallel spaced apart sides 23 and 25. The slots terminate in a lower end 41 and an upper end 42. The lower end 41 and upper end 42 may be arcuate to better accommodate attachment means 20 when the header 10 is in its maximum upperward position 50 and maximum downward position 44. See Figure 4.

The width of the stud 12 is less than the distance between the flanges 16 so that the stud 12 can fit between the flanges 16. The slots 24 in the flanges 16 should be aligned so that each slot 24 in one flange 16 is in alignment with a slot on the opposite flange.

The preferred method for assembling the invention involves placing end 40 of stud 12 between flanges 16 so that the end 40 abuts against the bottom 3 0 of the web 14 such that the header 10 and the stud 12 are perpendicular to each other and a vertical slot 24 is generally centered on side 52 of the stud 12. Appropriate attachment means, such as a self-tapping screw 20, is positioned in the slot 24 midway between the bottom 41 of the slot 24 and the top 42 of the slot 24. Once positioned, the self-tapping screw 20 is drilled into the stud 12.

In another method of assembling the invention, holes 22 are pre-drilled in the stud 12. The stud 12 is then inserted between said flanges 16 so that the holes 22 in said stud are aligned with the slots 24. The attachment means 20 passes through the slot 24 and through the hole 22 in the stud 12. Said attachment means 20 is tightened down sufficiently to keep said header 10 and said stud 12 united, but not so tight as to prevent said header 10 from moving vertically in response to environmental forces as shown in Figures 3 and 4. This limitation with respect to the tension of the attachment means applies to all embodiments discussed herein.

The holes 22 in said stud 12 are positioned so that when the header 10 is forced downward to its maximum downward position 44 such that the top 42 of the slot 24 is abutted against said attachment means 20, then the top 40 of the stud 12 will contact the bottom 38 of the web 14 of the header 10. If the holes 22 in said stud 12 are positioned too close to the top 4 0 of the stud 12, then the attachment means will bare the full force of any downward pressure on said header 10. This may shorten the life expectancy of the invention.

If the holes 22 in said stud 12 are positioned too far from the top 40 of the stud 12, then the bottom 38 of the web 14 will abut against the top 40 of the stud 12 before the header 10 has reached its maximum upward position 50 in the slot 24. In that case, the full vertical range of motion of the invention is not being fully utilized.

In order to complete the structure, wall construction material, such as wall board 32, is affixed to the studs in a conventional matter such as by wall board screws 30. It is critical that the wall 32 is attached to the studs 12 and not the header 10, which was done in the prior art. Otherwise, the movement of the header 12 would stress the walls 32, which would defeat the purpose of the invention. It is also important that the walls 32 stop short of the header 12 so that a space 28 remains between the top 46 of the wall 32 and the bottom 48 of the flange 16 of the header 12. For aesthetic purposes, molding 56 may extend from the ceiling 58 to cover the space 28 above the top 46 of the wall 32.

The invention and its attendant advantages will be understood from the foregoing description and it will be apparent that various changes may be made without departing from the spirit of the invention.

I claim:

1. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said stud comprising:

a header having a web and flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical slot therein;

a stud having a width less than the distance between said flanges of said header;

said stud being aligned with said vertical slot; and

an attachment means passing through said slot to unit said header/to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

2. The building construction assembly of claim 1 wherein at least one of said flanges has a plurality of vertical slots.

3. The building construction assembly of claim 1 wherein each of said flanges has a plurality of vertical slots.

4. The building construction assembly of claim l wherein said attachment means is a screw passing through said slot into said stud; and

said screw biasing said header to said stud ~~without~~ yet spaced from said header sufficiently to allow vertical movement of said header with respect to said stud.

5. The building construction assembly of claim 1 wherein said header and said stud are made of steel.

6. In a building structure utilizing an inverted generally U shaped header member superimposed over a plurality of vertical studs wherein said header is adapted to be united with said studs and wherein said header includes a pair of spaced apart generally parallel flanges with a web therebetween, said web having a width corresponding to the width of said studs, the improvement comprising:

at least one elongated slotted passage vertically formed in at least one flange, with said passage aligned with said stud;

fastening means passing through said slotted passage and fixedly secured to said stud; and

said fastening means tensioned against said flange enough to maintain said header and said stud in said united position while allowing restricted vertical movement of said header relative to said studin response to environmental forces.

7. The building construction assembly of claim 6 wherein at least one of said flanges has a plurality of elongated slotted passages.

8. The building construction assembly of claim 6 wherein each of said flanges has a plurality of elongated slotted passages.

9. The building construction assembly of claim 6 wherein said header and said stud are made of steel.

ABSTRACT

A header of general U-shaped construction having a web and depending flanges normal to ~~said~~ the web and separated by ~~said~~ the web, and a stud, one end of which is interfitted between ~~said~~ the flanges perpendicular to ~~said~~ the web. The improvement comprising vertical slots formed in ~~said~~ the flanges through which ~~attachment means~~ screws are passed uniting ~~said~~ header to ~~said~~ stud whereby ~~said~~ the stud may move vertically with respect to ~~said~~ the stud in response to environmental forces but not horizontally.

Attorney Docket 12-449
07/557755

DECLARATION FOR PATENT APPLICATION

As the below named inventor, I hereby declare chat my residence, post office address and citizenship are as stated below next to my name; I believe that I am the original, first and sole inventor of the subject matter which is claimed and for which a patent is sought on the invention entitled

"VERTICALLY SLOTTED HEADER"

the specification of which is attached hereto. I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims. I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, 51.56(a).

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

POWER OF ATTORNEY: I hereby appoint as my attorneys, with full powers of substitution and revocation, to prosecute this application and transact all business in the United States Patent and Trademark Office connected therewith:

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Date July 1, 1990	Signature /s/Todd A. Brady

Applicant or Patentee: Todd Allen Brady Attorney's
Serial or Patent No.: _____ Docket No.
12-449

Filed or Issued: _____
For: VERTICALLY SLOTTED HEADER

VERIFIED STATEMENT (DECLARATION) CLAIMING SMALL ENTITY STATUS (37 CFR 1.9(f) and 1.27(b)) - INDEPENDENT INVENTOR

As a below named inventor, I hereby declare that I qualify as an independent inventor as defined in 37 CFR 1.9(c) for purposes of paying reduced fees under section 41 (a) and (b) of Title 35, United States Code, to the Patent and Trademark Office with regard to the invention entitled Vertically Slotted Header described in

[X] the specification filed herewith.
[ ] application serial no._____, filed _____.
[ ] patent no. _____, issued _____.

I have not assigned, granted, conveyed or licensed and am under no obligation under contract or law to assign, grant, convey or license, any rights in the invention to any person who could not be classified as an independent inventor under 37 CFR 1.9(c) if that person had made the invention, or to any concern which would not qualify as a small business concern under 37 CFR 1.9(d) or a nonprofit organization under 37 CFR 1.9(e).

Each person, concern or organization to which I have assigned, granted, conveyed, or licensed or am under an obligation under contract or law to assign, grant, convey, or license any rights in the invention is listed below:

[X] no such person, concern, or organization
[ ] persons, concerns or organizations listed below*

*NOTE: Separate verified statements are required from each named person, concern or organization having rights to the invention averring to their status as snail entities. (37 CFR 1.27)

FULL NAME _____
ADDRESS _____
[ ] INDIVIDUAL [ ] SMALL BUSINESS CONCERN
[ ] NONPROFIT ORGANIZATION

FULL NAME _____
ADDRESS _____
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[ ] NONPROFIT ORGANIZATION

FULL NAME _____
ADDRESS _____
[ ] INDIVIDUAL [ ] SMALL BUSINESS CONCERN
[ ] NONPROFIT ORGANIZATION

I acknowledge the duty to file, in this application or patent, notification of any change in status resulting in loss of entitlement to small entity status prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a stall entity is no longer appropriate. (37 CFR 1.28(b))

I hereby declare that all statements trade herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

Todd Allen Brady
Name of Inventor Name of Inventor Name of Inventor

/s/ Todd A. Brady
Signature of Inventor Signature of Inventor Signature of Inventor

July 1, 1990
Date Date Date
Print of Drawing As Original Filed

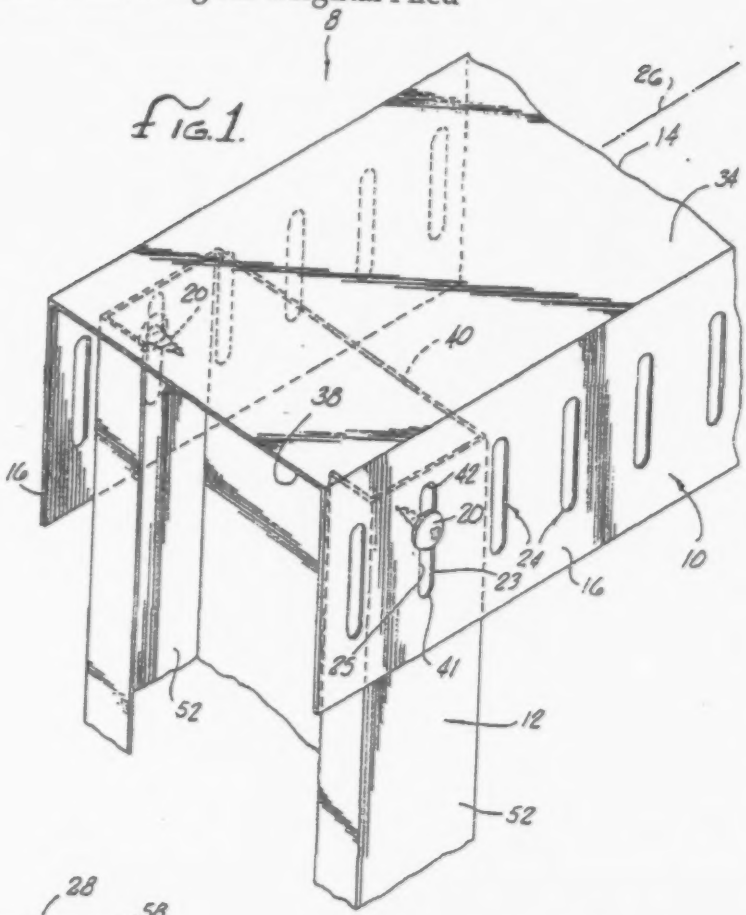

FIG. 1.

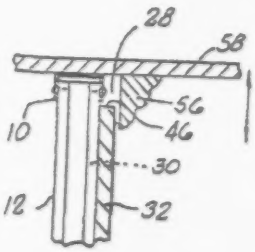

FIG. 5.

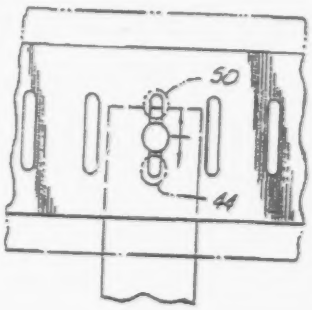

FIG. 4.

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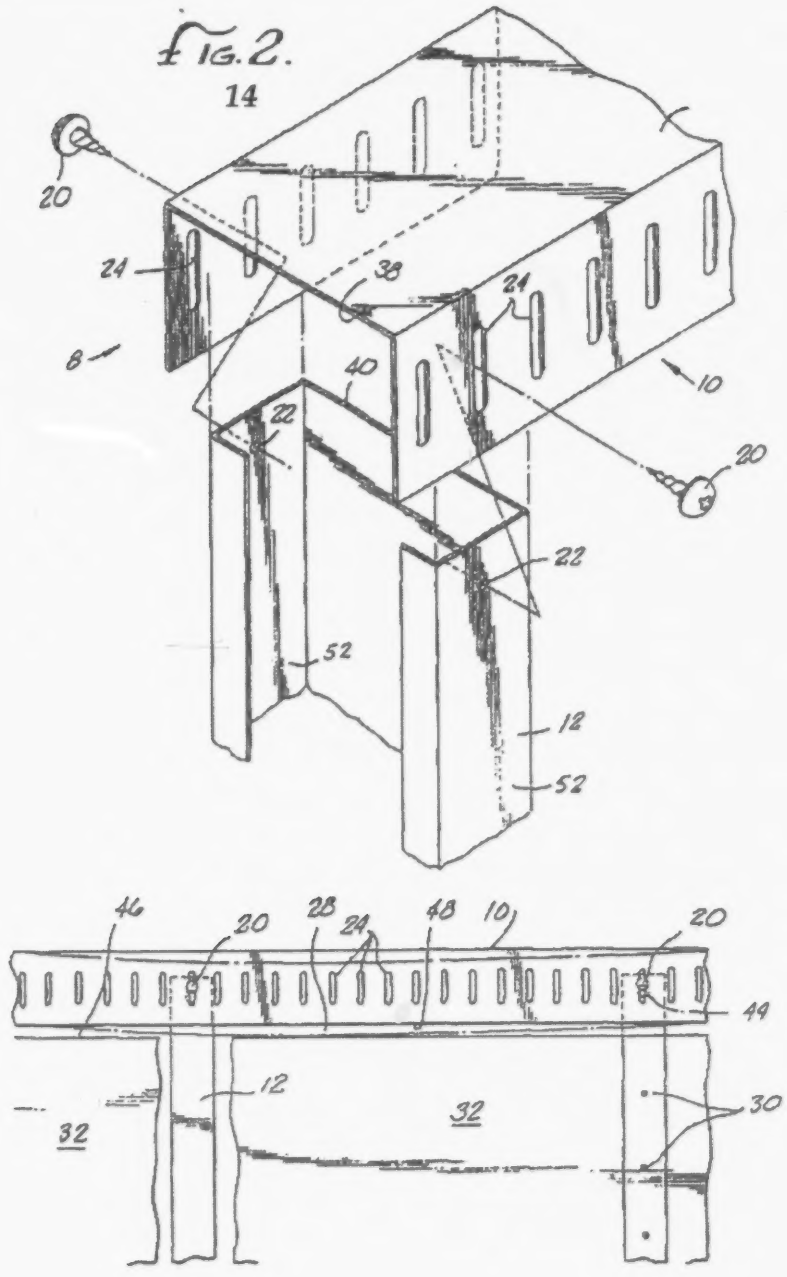

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In The

Supreme Court of the United States

SLIP TRACK SYSTEMS, INC.,

Petitioner,

v.

METAL-LITE, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

APPENDIX B
TO PETITION FOR WRIT OF CERTIORARI

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issued July 7, 1992 ..... App. 5

Original Patent Application,
With Handwritten Changes and Notations,
filed July 26, 1990 ..... App. 11

US005127203A

United States Patent [19]

Paquette

[11] Patent Number: 5,127,203

[45] Date of Patent: Jul. 7, 1992

[54] SEISMIC/FIRE RESISTANT WALL STRUCTURE AND METHOD

[76] Inventor: Robert F. Paquette, 970 Edmonds Way, Sunnyvale, Calif. 94087

[21] Appl. No.: 668,760

[22] Filed: Mar. 14, 1991

Related U.S. Application Data

[63] Continuation of Ser. No. 477,620, Feb. 9, 1990, abandoned.

[51] Int. Cl.[5] E04H 1/00

[52] U.S. Cl. 52/241; 52/290; 52/481; 52/690

[58] Field of Search 52/241, 242, 290, 243, 52/481, 690, 238.1, 239, 36, 484

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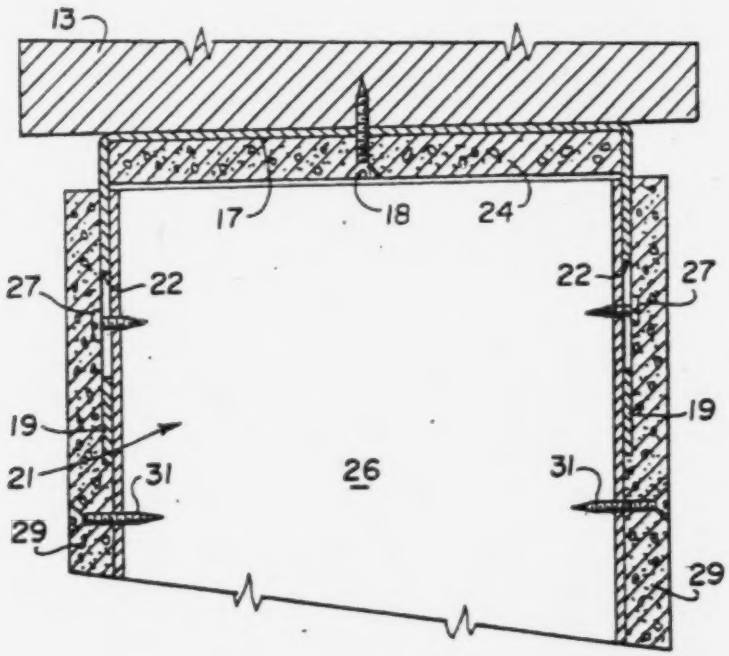
Primary Examiner—Richard E. Chilcot, Jr.

Attorney, Agent, or Firm—Flehr, Hohbach, Test, Albritton & Herbert

[57] ABSTRACT

Seismic and fire resistant wall structure and method in which a U-shaped channel member having vertically extending slotted openings in the side flanges thereof is mounted on the underside of a beam or other overhead structural member, with a layer of fire retardant material in the upper portion of the channel. Studs are connected to the channel member with fasteners which pass through the slotted openings and permit relative vertical movement between the channel member and the studs, while holding the studs in place horizontally. Fire retardant wallboard is attached to the opposing side faces of the studs and extends between the floor and the channel member.

9 Claims, 1 Drawing Sheet



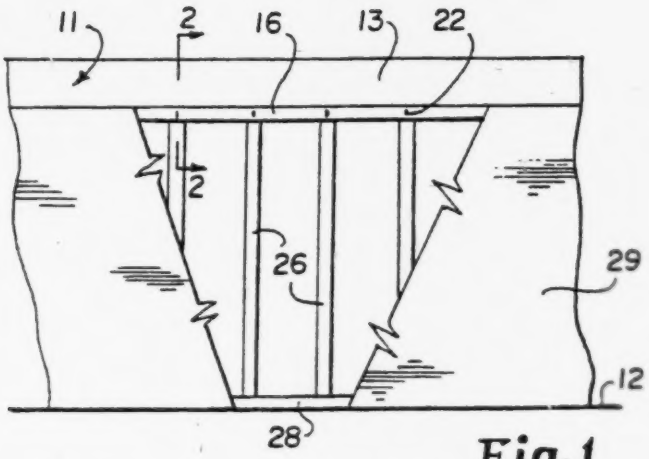


Fig.1

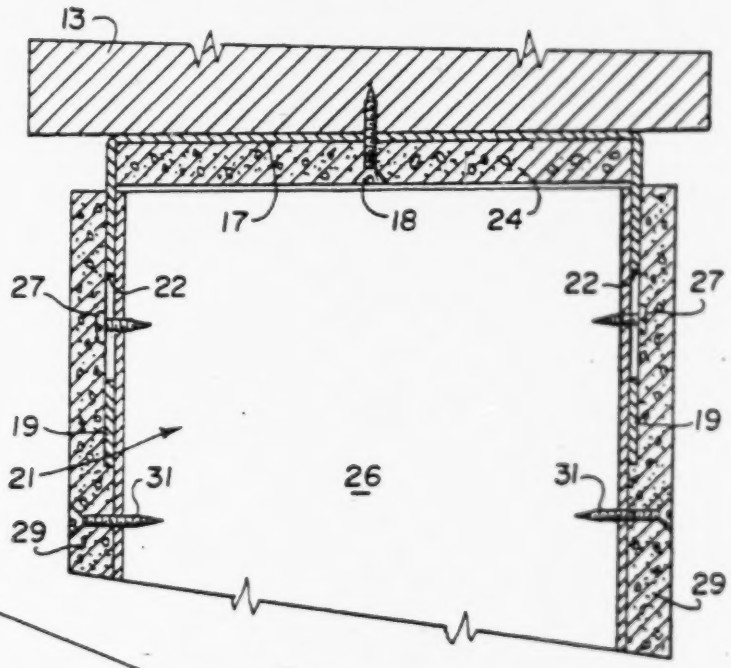


Fig.2

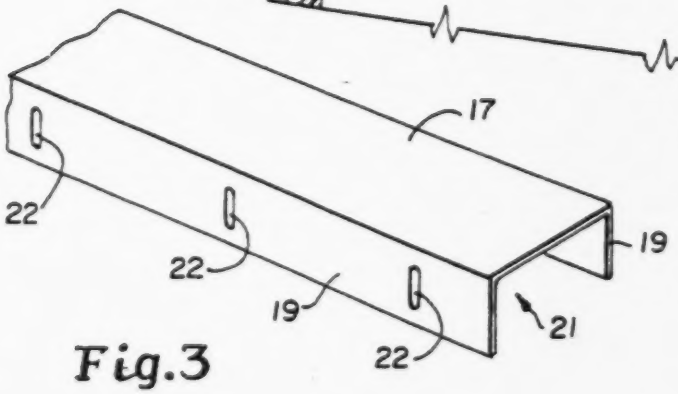


Fig.3

SEISMIC/FIRE RESISTANT WALL STRUCTURE AND METHOD

This is a continuation of application Ser. No. 07/477,620 filed Feb. 9, 1990, now abandoned.

This invention pertains generally to wall structures and, more particularly, to a seismic and fire resistant wall structure and method.

Full height non-bearing walls are commonly installed beneath overhead structural members such as roof beams, floor beams, and the like. Such members are commonly constructed in a laminated form commonly known as glue-laminated beams or "glue-lams" and provided with an upwardly convex curvature or crown so that the member will straighten out when subjected to normal loading, e.g. static loads, plastic flow and live loads. Even after the member has straightened out, it may still move because temperature changes, rain loads, and the like.

To accommodate movement of an overhead structural member, a flexible connection is employed between the member and the wall beneath the member. One such connection utilizes a so-called compression track in which the flanges which are connected to the wall studs are bent in bellows-like fashion and thus adapted to flex and permit movement between the structural member and the wall. When flexed, however, these tracks tend to fracture at the bends and fail.

Another flexible connection heretofore provided has a downwardly facing channel in which the upper portion of the wall is loosely received. There is no connection between the channel and the wall, and the wall can become dislodged from the channel if the lower portion of the wall is knocked out of position.

It is in general an object of the invention to provide a new and improved wall structure and method which overcome the limitations and disadvantages of wall structures heretofore provided.

Another object of the invention is to provide a wall structure and method of the above character in which the wall structure is resistant to both seismic loading and fire.

Another object of the invention is to provide a wall structure and method which can be employed economically.

These and other objects are achieved in accordance with the invention by providing an elongated channel member with a base, a pair of side flanges extending from the base and defining a channel, and a plurality of slotted openings at longitudinally spaced intervals in the side flanges, providing a layer of fire retardant material on the side of the base facing the channel, mounting the channel member on the under side of the overhead structural member with the channel opening in a downward direction, positioning a plurality of vertically extending studs between the floor and the channel member with the upper portions of the studs extending into the channel in alignment with the slotted openings, attaching the studs to the channel member with fasteners which pass through the slotted openings and into the studs and permit relative vertical movement between the channel member and the studs, and mounting fire retardant wallboard on opposing side faces of the studs between the floor and the channel member.

FIG. 1 is a fragmentary side elevational view of a wall structure incorporating the invention.

FIG. 2 is an enlarged cross-sectional view taken along line 2—2 in FIG. 1.

FIG. 3 is a fragmentary isometric view of the channel member utilizing the wall structure of FIG. 1.

As illustrated in FIG. 1, the wall structure 11 is a full height non-bearing wall which is installed between the floor 12 and an overhead structural member 13 such as a roof beam. A fire retardant ceiling 14 conventional construction extends horizontally at a level below the top of the wall.

The wall structure includes a U-shaped channel member 16 of fire resistant material, such as 18 gauge galvanized steel, which is affixed to the underside of beam 13 in an inverted position. The channel member includes a base 17 which is secured to the under side of the beam by screws 18, and a pair of generally parallel depending side flanges 19 which define a downwardly opening channel 21. For standard dimension walls, the channel typically has a width of 2½, 3½, 6 or 8 inches and a depth of about 1¼ inches.

A plurality of vertically elongated slotted openings 22 are formed in the side flanges at spaced intervals along the length of the channel member. These slots typically spaced on 8 inch centers, which accommodates standard stud spacings of 16 and 24 inches.

A layer of fire retardant material 24, such as drywall, is affixed to the under side of base 17 in the upper portion of channel 21. In one presently preferred embodiment, the drywall layer is ½ inch thick, and it is affixed to the base with an adhesive.

A plurality of studs 26 extend between the floor and the channel member, with the upper end portions of the studs being received in channel 21 and the upper ends of the studs being spaced about ¼ inch from the lower surface of the fire retardant material 24. The upper end portions of the studs are connected to the channel member by screws 27 which pass through slotted openings 22 and into the studs. The screws are left loose enough to permit them to move freely up and down in the slotted openings thus permit relative vertical movement between the studs and the channel member while anchoring the upper portions of the studs against horizontal movement. The lower ends of the studs are received in and affixed to a U-shaped channel member 28 which is affixed to the floor. In the embodiment illustrated, the studs and the lower channel member are fabricated of a fire resistant material such as metal, and the studs have a generally U-shaped contour in cross-section. If desired, however they can be fabricated of another suitable material, and if, for example, the studs are fabricated of wood, the lower channel can be replaced with a conventional wood floor plate.

Fire retardant wallboard 29 is mounted on the side faces of the studs and extends from the floor to the channel member and over the outside of side flanges 19. The upper edge of the wallboard is spaced about ¾ inch below the lower surface of beam 13 to permit vertical movement between the wall structure and the beam. Although the top ends of studs 26 are spaced only about ¼ below the lower surface of retardant material 24, they do not interfere with the movement between the studs and the channel member because they cut into the retardant material. If solid studs are used, they should terminate about ¾ inch below the retardant material since they will not cut into it as readily as the U-shaped metal studs. The wallboard is attached to the studs with screws 31, with no screws from the wallboard going

into the channel member to interfere with the movement of the studs.

The wall is constructed by mounting the channel member **16** on the under side of the beam, with the slotted openings **22** formed in the side flanges and the layer of fire retardant material **24** installed in the channel. The lower channel member **28** is affixed to the floor beneath the beam, and studs **26** are installed between the channel members in alignment with the slotted openings. The lower ends of the studs are secured to the lower channel member, and screws **27** are installed in the upper ends of the studs through the slotted openings, following which the Wallboard **29** is installed.

It is apparent from the foregoing that a new and improved wall structure and method have been provided. While only certain presently preferred embodiments have been described in detail, as will be apparent to those familiar with the art, certain changes and modifications can be made without departing from the scope of the invention as defined by the following claims.

I claim:

1. In a seismic/fire resistant wall structure installed between a floor and a overhead structural member:

an elongated channel member having a base affixed to the structural member and a pair of side flanges depending from the base and defining a downwardly opening channel;

a layer of fire retardant material extending along the base within the channel;

a plurality of vertically extending slotted openings in the side flanges at spaced intervals along the length of the channel member;

a plurality of studs extending vertically between the floor and the channel member with upper portions of the studs extending into the channel in alignment with the slotted openings;

fasteners passing through the slotted openings and into the studs to anchor the upper portions of the studs against horizontal movement but permitting relative vertical movement between the channel member and the studs; and

fire retardant wallboard mounted on the studs and extending from the floor to the channel member.

2. The wall structure of claim **1** wherein the channel member is fabricated of metal.

3. The wall structure of claim **1** wherein the fire retardant material extending along the base of the channel member is wallboard.

4. The wall structure of claim **1** wherein the studs are fabricated of metal.

5. A U-shaped channel member for use in a seismic/fire resistant wall structure having a plurality of studs extending between a floor and an overhead structural member, with wallboard mounted on opposing side faces of the studs and fasteners connecting upper end portions of the studs to the channel member, said channel member having a base adapted to be fixed to the structural member, a pair of side flanges extending from the base and defining a channel for receiving the upper end portions of the studs, and a plurality of slotted openings formed at longitudinally spaced intervals in the side flanges for receiving the fasteners and permitting relative vertical movement between the channel member and the studs.

6. The channel member of claim **5** including a layer of fire retardant material extending along the side of the base within the channel.

7. The channel member of claim **5** wherein said channel member is fabricated of metal.

8. In a method of constructing a seismic/fire resistant wall structure between a floor and an overhead structural member, the steps of:

providing an elongated channel member with a base, a pair of side flanges extending from the base and defining a channel, and a plurality of slotted openings at longitudinally spaced intervals in the side flanges;

providing a layer of fire retardant material within the channel;

mounting the channel member on the overhead structural member with the channel opening in a downward direction;

positioning a plurality of vertically extending studs between the floor and the channel member with upper portions of the studs extending into the channel in alignment with the slotted openings;

attaching the studs to the channel member with fasteners which pass through the slotted openings and into the studs and permit relative vertical movement between the channel member and the studs so that the studs will not be affected by movement of the overhead structural member on which the channel member is mounted; and

mounting fire retardant wallboard on the studs between the floor and the channel member.

9. In a seismic wall structure installed between a floor and an overhead structural member:

an elongated channel member having a base affixed to the structural member and a pair of side flanges depending from the base and defining a downwardly opening channel;

a plurality of vertically extending slotted openings in the side flanges at spaced intervals along the length of the channel member;

a plurality of studs extending vertically between the floor and the channel member with upper portions of the studs extending into the channel in alignment with the slotted openings;

fasteners passing through the slotted openings and into the studs to anchor the upper portions of the studs against horizontal movement but permitting relative vertical movement between the channel member and the studs; and

wallboard mounted on the studs and extending from the floor to the channel member.

* * * * *

US005127760A

United States Patent [19]

Brady

[11] Patent Number: 5,127,760

[45] Date of Patent: Jul. 7, 1992

[54] VERTICALLY SLOTTED HEADER

[76] Inventor: Todd A. Brady, 14656 La Miada St., Sherman Oaks, Calif. 91043

[21] Appl. No.: 557,755

[22] Filed: Jul. 26, 1990

[51] Int. Cl.[5] F16B 7/18; E04H 1/00

[52] U.S. Cl. 403/230; 403/262; 52/241

[58] Field of Search 403/2, 13, 230, 231, 403/262, 232.1, 241, 375, 116, 70; 52/210, 241, 573, 242, 238.1, 690; 256/67, 69

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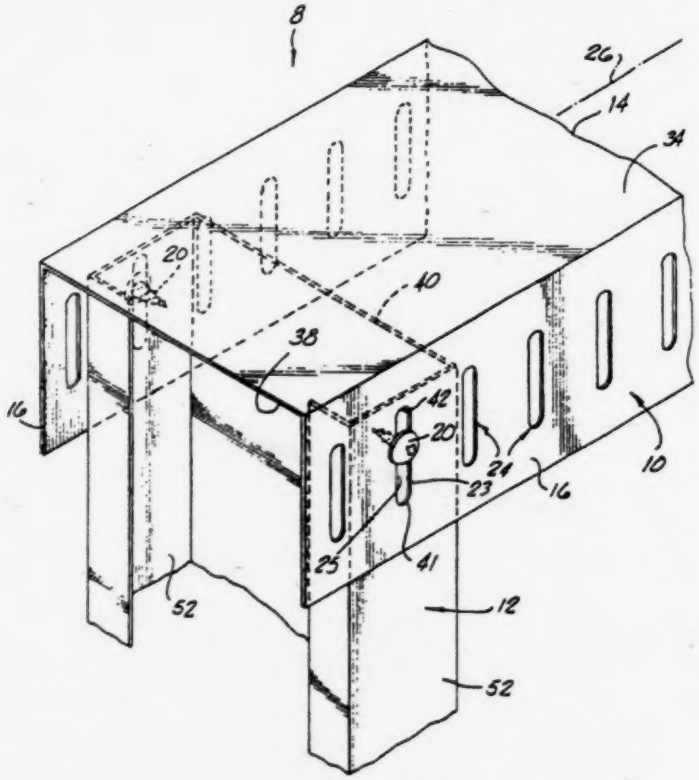
5,040,345	8/1991	Gilmour	52/241 X

Primary Examiner—Peter M. Cuomo

[57] ABSTRACT

A header of general U-shaped construction having a web and depending flanges normal to the web and separated by the web, and a stud, one end of which is interfitted between the flanges perpendicular to the web. The improvement comprising vertical slots formed in the flanges through which screws are passed uniting the header to the stud whereby the stud may move vertically with respect to the stud in response to environmental forces but not horizontally.

10 Claims, 2 Drawing Sheets



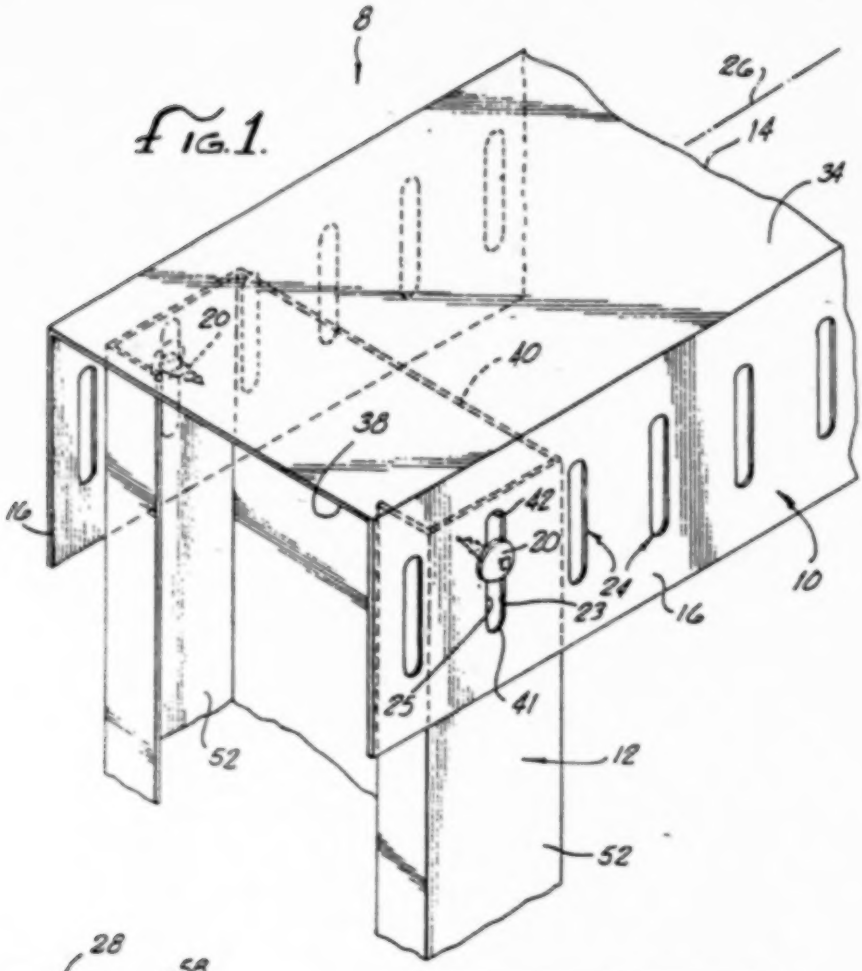


FIG. 1.

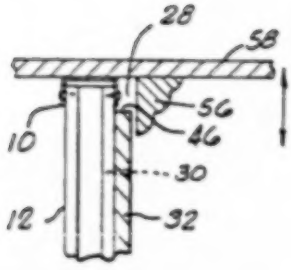


FIG. 5.

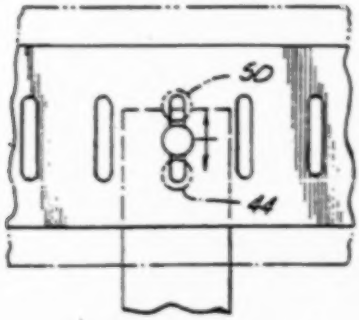
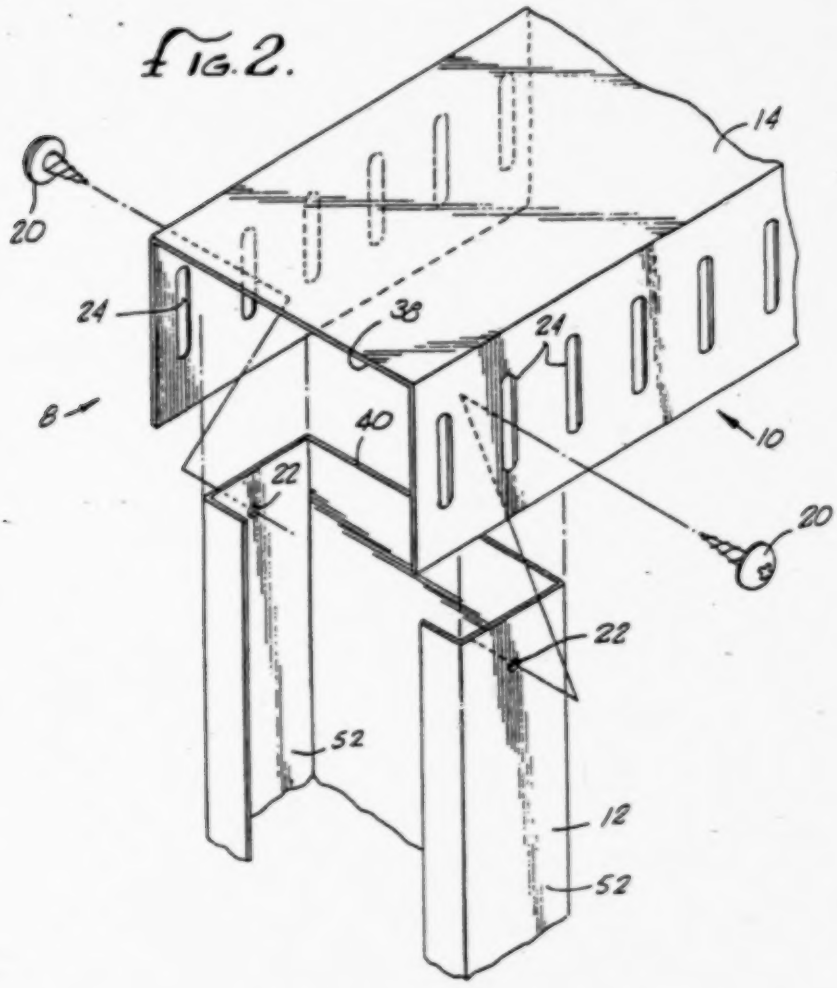


FIG. 4.

FIG. 2.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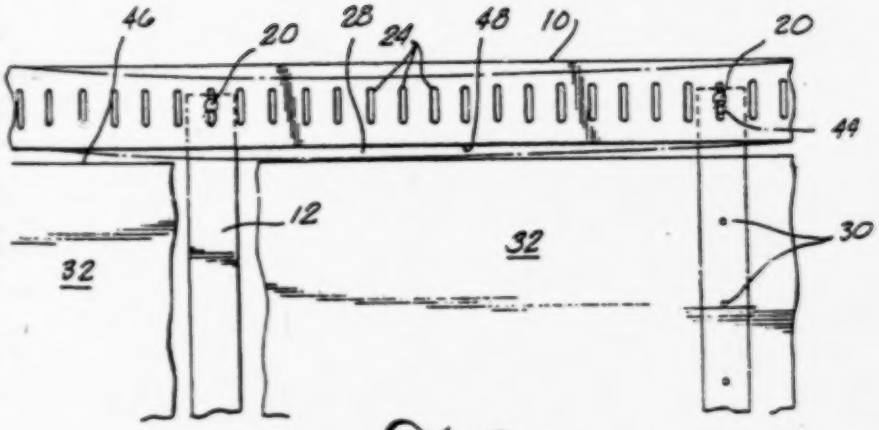
46
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32
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FIG. 3.

VERTICALLY SLOTTED HEADER

BACKGROUND OF THE INVENTION

1. Field of the Invention

This invention relates to a building construction assembly and, more particularly, to a header for allowing horizontal, non-load bearing headers to vertically fluctuate in relationship to vertical, non-load/bearing wall studs to which the headers are attached. By allowing the header freedom of vertical movement, the walls that are fixed to the vertical studs are protected from cracking because the freedom of vertical movement of the header prevents translation of mechanical stresses to the walls caused by downward, environmental forces on the header.

2. Background Information

Prior to the present invention, vertical studs were secured to horizontal headers that secured all the studs in a wall together. The walls, frequently made out of wall board or plaster board, were secured to both the vertical studs and horizontal headers. Joists were usually secured to the top of the header at right angles to the vertical studs and at right angles to the horizontal header. The joists would then extend between the headers. The floor or roof would be secured to the top of the joists. This meant that the floor or roof was rigidly secured to the header which was rigidly secured to the studs. As a consequence, any downward environmental pressures on the floor or roof were translated directly into downward pressure on the the header. This would cause the studs to bow and would also result in the headers applying downward pressure on the wall directly. As a result, the environmental forces applied to the floor or ceiling would be translated into mechanical stress on the walls, which would result in cracks in the walls. The cracks would be further aggravated when the environmental pressure on the floor or ceiling was alleviated because the cracks would expand when the stress was relieved.

Examples of environmental stresses that cause the above kinds of problems are numerous. One of the most common examples involves the weight placed on the headers from the floors above. As a multi-story building is constructed, additional weight is placed on the headers of the lower floors as additional floors are added to the building. The present invention provides a means for the lower floors to absorb the additional stress.

Environmental stresses external to the building itself are also effectively managed by the present invention. For instance, in those parts of the country where it snows, the accummulation of snow fall on the roof can be a source of environmental pressure that will cause the cracking problem in the walls described above. In desert regions of the country, it is common for non-load bearing walls to be made out of metal studs and headers because of the shortage of readily available sources of lumber. In such hot regions of the country, the high temperatures cause the metal to expand. As a result, the wall board attached to the studs and headers is pulled with the expansion causing the walls to crack. The cooling of the metal studs and headers during the cool desert nights and re-expansion during the day aggravates the problem.

Earthquakes are another example of a source of environmental stress that can be managed by the present invention. Building construction technologies for surviving earthquakes are founded on the principle that the building should move with the earthquake. Rigid structures are more likely to suffer damage during an earthquake. The present invention helps prevent cracks in walls caused by earthquakes by permitting the nonload bearing frame to move with the earthquake. Obviously, the invention will not be very effective during a major quake. But for structures situated in earthquake zones that suffer frequent minor quakes, the invention can be of assistance in preventing cracks in the walls.

In addition, those parts of the country that are subject to severe tropical and sub-tropical weather systems, such as those states along the gulf coast, are subject to wide fluctuations in barometric pressure. In the extreme situation in the case of a hurricane, the difference between the barometric pressure on the inside of a house and the atmospheric pressure outside can become so great that the house will actually explode. While the present invention would be of little use in that extreme situation, it would help prevent cracking of the walls during less severe weather conditions that involve substantial fluctuations in barometric pressure.

Furthermore, the environmental pressures on the floors of public buildings can be substantial. For example, the floors of office buildings must support substantial additional weight during office hours as a result of the increased foot traffic. The present invention can accommodate the additional traffic during the day and flex back to its original position when the human load is absent. The prior art would have transferred such fluctuations in environmental pressures to the walls, which would have caused cracks over time. Moreover, the present invention can accommodate increased loads caused by the addition of office furniture and equipment, which the prior art could not without causing strain on and cracking of the walls.

SUMMARY OF THE INVENTION

It is the purpose of the present invention to provide a horizontal header with vertical slots with means for securing the header to vertical studs by way of the slots whereby said header can rise and fall in response to environmental forces applied to the the floor or roof.

Another object of the present invention is to provide a sufficient number of vertical slots spaced at predetermined distances from each other along the header so that studs can be secured to the header at the desired distances from each other depending upon the needs of the particular situation.

Another object of the present invention is to provide vertical slots in a header that permit vertical movement of the header while preventing horizontal movement.

Still another object of the present invention is to provide a means for securing the horizontal header to the vertical stud through the vertical slot in the header in such a way so that the securement means does not prevent vertical movement of the header.

These and other objects and advantages of the present invention will become apparent from the following detailed description of the preferred embodiment of the invention without intending to limit the scope of the invention which is set forth in the appended claims.

BRIEF DESCRIPTION OF THE DRAWINGS

The advantages of the invention can be more clearly understood by reference to the drawings in which:

FIG. 1 is a perspective view of a vertically slotted header secured to a vertical stud by means of a screw;

FIG. 2 is an exploded perspective view of FIG. 1;

FIG. 3 is a side elevational view of vertically slotted header secured to a vertical stud by means of a screw;

FIG. 4 is a side elevational view of the invention showing the highest, lowest and intermediate position of the header relative to the slot; and

FIG. 5 is an axial view of molding attached to a ceiling to conceal the space above the wall required by the invention.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

FIG. 1 illustrates a building construction assembly generally designated 8. The invention includes a header 10 of generally U shaped construction and a stud 12 also of generally U shaped construction. Preferrably, the header 10 and stud 12 are of metal construction as described in U.S. Pat. No. 4,235,054. While the header 10 and stud 12 are depicted as being U-shaped, it will be apparent that the invention is not limited by the shape of the header and stud. Said header 10 and said stud 12 are generally positioned perpendicular to each other with said header 10 in the horizontal position and said stud 12 in the vertical position.

Said header 10 is composed of a web 14 and depending flanges 16 that are bent normal to the plane of the web 14. Said flanges 16 are spaced apart the width of the web 14. Said header 10 is usually longer than it is wide. The flanges 16 of the header 10 are formed with slots 24 cut there through. The slots 24 are perpendicular to the longitudinal axis 26 of the header 10 and are vertically elongated. See FIG. 1.

In the preferred embodiment, the slots 24 are a-proximately 1.25 inches in length and 3/16 inches wide. The sots 24 each include a pair of generally parallel spaced apart sides 23 and 25. The slots terminate in a lower end 41 and an upper end 42. The lower end 41 and upper end 42 may be accurate to better accommodate attachment means 20 when the header 10 is in its maximum upperward position 50 and maximum downward position 44. See FIG. 4.

The width of the stud 12 is less than the distance between the flanges 16 so that the stud 12 can fit between the flanges 16. The slots 24 in the flanges 16 should be aligned so that each slot 24 in one flange 16 is in alignment with a slot on the opposite flange.

The preferred method for assembling the invention involves placing end 40 of stud 12 between flanges 16 so that the end 40 abuts against the bottom 30 of the web 14 such that the header 10 and the stud 12 are perpendicular to each other and a vertical slot 24 is generally centered on side 52 of the stud 12. Appropriate attachment means, such as a self-tapping screw 20, is positioned in the slot 24 midway between the bottom 41 of the slot 24 and the top 42 of the slot 24. Once positioned, the self-tapping screw 20 is drilled into the stud 12.

In another method of assembling the invention, holes 22 are pre-drilled in the stud 12. The stud 12 is then inserted between said flanges 16 so that the holes 22 in said stud are aligned with the slots 24. The attachment means 20 passes through the slot 24 and through the hole 22 in the stud 12. Said attachment means 20 is tightened down sufficiently to keep said header 10 and said stud 12 united, but not so tight as to prevent said header 10 from moving vertically in response to environmental forces as shown in FIGS. 3 and 4. This limitation with respect to the tension of the attachment means applies to all embodiments discussed herein.

The holes 22 in said stud 12 are positioned so that when the header 10 is forced downward to its maximum downward position 44 such that the top 42 of the slot 24 is abutted against said attachment means 20, then the top 40 of the stud 12 will contact the bottom 38 of the web 14 of the header 10. If the holes 22 in said stud 12 are positioned too close to the top 40 of the stud 12, then the attachment means will are the full force of any downward pressure on said header 10. This may shorten the lift expectancy of the invention.

If the holes 22 in said stud 12 are positioned too far from the top 40 of the stud 12, then the bottom 38 of the web 14 will abut against the top 40 of the stud 12 before the header 10 has reached tits maximum upward position 50 in the slot 24. In that case, the full vertical range of motion the invention is not being fully utilized.

In order to complete the structure, wall construction material, such as wall board 32, is affixed to the studs in a conventional matter such as by wall board screws 30. It is critical that the wall 32 is attached to the studs 12 and not the header 10, which was done in the prior art. Otherwise, the movement of the header 12 would stress the walls 32, which would defeat the purpose of the invention. It is also important that the walls 32 stop short of the header 12 so that space 28 remains between the top 46 of the wall 32 and the bottom 48 of the flange 16 of the header 12. For aesthetic purposes, molding 56 may extend from the ceiling 58 to cover the space 28 above the top 46 of he wall 32.

The invention and its attendant advantages will be understood from the foregoing description and it swill be apparent that various changes may be made without departing from the spirit of the invention.

I claim:

1. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said assembly comprising:

a header having a web and flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical slot therein;

a stud having a width less than the distance between said flanges of said header and having a top end;

said stud having at least one hole formed therein proximal to said top end;

said top end fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical slot; and

an attachment means passing through said slot and through said hole to slideably unite said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

2. The building construction assembly of claim 1 wherein sat least one of said flanges has a plurality of vertical slots.

3. The building construction assembly of claim 1 wherein each of said flanges has a plurality of vertical slots.

4. The building construction assembly of claim 1 wherein said attachment means is a screw passing through said slot into said stud; and

said screw biasing said header to said stud yet spaced from said header sufficiently to allow vertical movement of said header with respect to said stud.

5. The building construction assembly of claim 1 wherein said header and said stud are made of steel.

6. The building construction assembly of claim 1 wherein:

said slot has an upper end;

said web of said header has a bottom surface; and,

said hole formed in said stud is located so that said top end of said header is in constant with said bottom surface of said web when said attachment means is in contact with said upper end of said slot.

7. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said assembly comprising:

a header having a web with a bottom surface and having flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical sot therein with said slot having an upper end;

a stud having a width less tan the distance between said flanges of said header and having a top end;

said stud having at least one hole formed therein proximal to said top end;

said to pend fitting between said flanges perpendicular to said header positioned so that said hole is aligned with said vertical slot;

an attachment means passing through said slot and through said hole to slideably unite said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header; and

said hole formed in said stud located so that said top nd of said header is in contact with said bottom surface of said web when said attachment means is in contact with said upper end of said slot.

8. The building construction assembly of claim 7 wherein at least one of said flanges has a plurality of elongated slotted passages.

9. The building construction assembly of claim 7 wherein each of said flanges has a plurality of elongated slotted passages.

10. The building construction assembly of claim 7 wherein said header and said stud are made of st•el.

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SPECIFICATION

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VERTICALLY SLOTTED HEADER

BACKGROUND OF THE INVENTION

1. FIELD OF THE INVENTION.

This invention relates to a building construction assembly and, more particularly, to a header for allowing horizontal, non-load bearing headers to vertically fluctuate in relationship to vertical, non-load bearing wall studs to which the headers are attached. By allowing the header freedom of vertical movement, the walls that are fixed to the vertical studs are protected from cracking because the freedom of vertical movement of the header prevents translation of mechanical stresses to the walls caused by downward, environmental forces on the header.

2. BACKGROUND ~~OF THE INVENTION.~~ INFORMATION

Prior to the present invention, vertical studs were secured to horizontal headers that secured all the studs in a wall together. The walls, frequently made out of wall board or plaster board, were secured to both the vertical studs and horizontal headers. Joists were usually secured to the top of the header at right angles to the vertical studs and at right angles to the horizontal header. The joists would then extend between the headers. The floor or roof would be secured to the top of the joists. This meant that the floor or roof was rigidly secured to the header which was rigidly secured to the studs. As a consequence, any downward environmental pressures on the floor or roof were

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translated directly into downward pressure on the the header. This would cause the studs to bow and would also result in the headers applying downward pressure on the wall directly. As a result, the environmental forces applied to the floor or ceiling would be translated into mechanical stress on the walls, which would result in cracks in the walls. The cracks would be further aggravated when the environmental pressure on the floor or ceiling was alleviated because the cracks would expand when the stress was relieved.

Examples of environmental stresses that cause the above kinds of problems are numerous. One of the most common examples involves the weight placed on the headers from the floors above. As a multi-story building is constructed, additional weight is placed on the headers of the lower floors as additional floors are added to the building. The present invention provides a means for the lower floors to absorb the additional stress.

Environmental stresses external to the building itself are also effectively managed by the present invention. For instance, in those parts of the country where it snows, the accummulation of snow fall on the roof can be a source of environmental pressure that will cause the cracking problem in the walls described above. In desert regions of the country, it is common for non-load bearing walls to be made out of metal studs and headers because of the shortage of readily available sources of lumber. In such hot regions of the country, the high temperatures cause the metal to expand. As a result, the wall board attached to the studs and headers is pulled with the expansion causing the walls to crack.

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The cooling of the metal studs and headers during the cool desert nights and re-expansion during the day aggravates the problem.

Earthquakes are another example of a source of environmental stress that can be managed by the present invention. Building construction technologies for surviving earthquakes are founded on the principle that the building should move with the earthquake. Rigid structures are more likely to suffer damage during an earthquake. The present invention helps prevent cracks in walls caused by earthquakes by permitting the nonload bearing frame to move with the earthquake. Obviously, the invention will not be very effective during a major quake. But for structures situated in earthquake zones that suffer frequent minor quakes, the invention can be of assistance in preventing cracks in the walls.

In addition, those parts of the country that are subject to severe tropical and sub-tropical weather systems, such as those states along the gulf coast, are subject to wide fluctuations in barometric pressure. In the extreme situation in the case of a hurricane, the difference between the barometric pressure on the inside of a house and the atmospheric pressure outside can become so great that the house will actually explode. While the present invention would be of little use in that extreme situation, it would help prevent cracking of the walls during less severe weather conditions that involve substantial fluctuations in barometric pressure.

Furthermore, the environmental pressures on the floors of public buildings can be substantial. For example, the floors of office buildings must support substantial additional weight during

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office hours as a result of the increased foot traffic. The present invention can accommodate the additional traffic during the day and flex back to its original position when the human load is absent. The prior art would have transferred such fluctuations in environmental pressures to the walls, which would have caused cracks over time. Moreover, the present invention can accommodate increased loads caused by the addition of office furniture and equipment, which the prior art could not without causing strain on and cracking of the walls.

3. SUMMARY OF THE INVENTION:

It is the purpose of the present invention to provide a horizontal header with vertical slots with means for securing the header to vertical studs by way of the slots whereby said header can rise and fall in response to environmental forces applied to the the floor or roof.

Another object of the present invention is to provide a sufficient number of vertical slots spaced at predetermined distances from each other along the header so that studs can be secured to the header at the desired distances from each other depending upon the needs of the particular situation.

Another object of the present invention is to provide vertical slots in a header that permit vertical movement of the header while preventing horizontal movement.

Still another object of the present invention is to provide a means for securing the horizontal header to the vertical stud through the vertical slot in the header in such a way so that the securement means does not prevent vertical movement of the header.

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SUITE 1000

These and other objects and advantages of the present invention will become apparent from the following detailed description of the preferred embodiment of the invention without intending to limit the scope of the invention which is set forth in the appended claims.

4. BRIEF DESCRIPTION OF THE DRAWINGS.

The advantages of the invention can be more clearly understood by reference to the drawings in which:

Figure 1 is a perspective view of a vertically slotted header secured to a vertical stud by means of a screw;

Figure 2 is an exploded perspective view of Figure 1;

Figure 3 is a side elevational view of vertically slotted header secured to a vertical stud by means of a screw;

Figure 4 is a side elevational view of the invention showing the highest, lowest and intermediate position of the header relative to the slot; and

Figure 5 is an axial view of molding attached to a ceiling to conceal the space above the wall required by the invention.

5. DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT:

Figure 1 illustrates a building construction assembly generally designated 8. The invention includes a header 10 of generally U shaped construction and a stud 12 also of generally U shaped construction. Preferrably, the header 10 and stud 12 are of metal construction as described in United States Patent No. 4,235,054. While the header 10 and stud 12 are depicted as being U-shaped, it will be apparent that the invention is not limited by the shape of the header and stud. Said header 10 and said stud 12

are gernerally positioned perpendicular to each other with said header 10 in the horizontal position and said stud 12 in the vertical position.

Said header 10 is composed of a web 14 and depending flanges 16 that are bent normal to the plane of the web 14. Said flanges 16 are spaced apart the width of the web 14. Said header 10 is usually longer than it is wide. The flanges 16 of the header 10 are formed with slots 24 cut there through. The slots 24 are perpendicular to the longitudinal axis 26 of the header 10 and are vertically elongated. See Figure 1.

In the preferred embodiment, the slots 24 are approximately 1.25 inches in length and 3/16 inches wide. The slots 24 each include a pair of generally parallel spaced apart sides 23 and 25. The slots terminate in a lower end 41 and an upper end 42. The lower end 41 and upper end 42 may be arcuate to better accommodate attachment means 20 when the header 10 is in its maximum upperward position 50 and maximum downward position 44. See Figure 4.

The width of the stud 12 is less than the distance between the flanges 16 so that the stud 12 can fit between the flanges 16. The slots 24 in the flanges 16 should be aligned so that each slot 24 in one flange 16 is in alignment with a slot on the opposite flange.

The preferred method for assembling the invention involves placing end 40 of stud 12 between flanges 16 so that the end 40 abuts against the bottom 30 of the web 14 such that the header 10 and the stud 12 are perpendicular to each other and a vertical slot 24 is generally centered on side 52 of the stud 12. Appropriate

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attachment means, such as a self-tapping screw 20, is positioned in the slot 24 midway between the bottom 41 of the slot 24 and the top 42 of the slot 24. Once positioned, the self-tapping screw 20 is drilled into the stud 12.

In another method of assembling the invention, holes 22 are pre-drilled in the stud 12. The stud 12 is then inserted between said flanges 16 so that the holes 22 in said stud are aligned with the slots 24. The attachment means 20 passes through the slot 24 and through the hole 22 in the stud 12. Said attachment means 20 is tightened down sufficiently to keep said header 10 and said stud 12 united, but not so tight as to prevent said header 10 from moving vertically in response to environmental forces as shown in Figures 3 and 4. This limitation with respect to the tension of the attachment means applies to all embodiments discussed herein.

The holes 22 in said stud 12 are positioned so that when the header 10 is forced downward to its maximum downward position 44 such that the top 42 of the slot 24 is abutted against said attachment means 20, then the top 40 of the stud 12 will contact the bottom 38 of the web 14 of the header 10. If the holes 22 in said stud 12 are positioned too close to the top 40 of the stud 12, then the attachment means will bare the full force of any downward pressure on said header 10. This may shorten the life expectancy of the invention.

If the holes 22 in said stud 12 are positioned too far from the top 40 of the stud 12, then the bottom 38 of the web 14 will abut against the top 40 of the stud 12 before the header 10 has reached its maximum upward position 50 in the slot 24. In that

case, the full vertical range of motion of the invention is not being fully utilized.

In order to complete the structure, wall construction material, such as wall board 32, is affixed to the studs in a conventional matter such as by wall board screws 30. It is critical that the wall 32 is attached to the studs 12 and not the header 10, which was done in the prior art. Otherwise, the movement of the header 12 would stress the walls 32, which would defeat the purpose of the invention. It is also important that the walls 32 stop short of the header 12 so that a space 28 remains between the top 46 of the wall 32 and the bottom 48 of the flange 16 of the header 12. For aesthetic purposes, molding 56 may extend from the ceiling 58 to cover the space 28 above the top 46 of the wall 32.

The invention and its attendant advantages will be understood from the foregoing description and it will be apparent that various changes may be made without departing from the spirit of the invention.

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I claim:

1. A building construction assembly that includes a header and a stud wherein the header is capable of vertical movement relative to said stud comprising:

a header having a web and flanges with said flanges connected to said web;

at least one of said flanges having at least one vertical slot therein;

a stud having a width less than the distance between said flanges of said header;

said stud being aligned with said vertical slot; and

an attachment means passing through said slot to unit said header to said stud whereby said slot permits said header to move vertically with respect to said stud while restricting horizontal movement of said header.

2. The building construction assembly of claim 1 wherein at least one of said flanges has a plurality of vertical slots.

3. The building construction assembly of claim 1 wherein each of said flanges has a plurality of vertical slots.

4. The building construction assembly of claim 1 wherein said attachment means is a screw passing through said slot into said stud; and

said screw biasing said header to said stud ~~without~~ yet spaced from said header sufficiently to allow vertical movement of said header with respect to said stud.

5. The building construction assembly of claim 1 wherein said header and said stud are made of steel.

6. In a building structure utilizing an inverted generally U shaped header member superimposed over a plurality of vertical studs wherein said header is adapted to be united with said studs and wherein said header includes a pair of spaced apart generally parallel flanges with a web therebetween, said web having a width corresponding to the width of said studs, the improvement comprising:

at least one elongated slotted passage vertically formed in at least one flange, with said passage aligned with said stud;

fastening means passing through said slotted passage and fixedly secured to said stud; and

said fastening means tensioned against said flange enough to maintain said header and said stud in said united position while allowing restricted vertical movement of said header relative to said stud in response to environmental forces.

7. The building construction assembly of claim 6 wherein at least one of said flanges has a plurality of elongated slotted passages.

8. The building construction assembly of claim 6 wherein each of said flanges has a plurality of elongated slotted passages.

9. The building construction assembly of claim 6 wherein said header and said stud are made of steel.

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ABSTRACT

A header of general U-shaped construction having a web and depending flanges normal to ~~said~~ the web and separated by ~~said~~ the web, and a stud, one end of which is interfitted between ~~said~~ the flanges perpendicular to ~~said~~ the web. The improvement comprising vertical slots formed in ~~said~~ the flanges through which ~~attachment means~~ screws are passed uniting ~~said~~ the header to ~~said~~ the stud whereby ~~said~~ the stud may move vertically with respect to ~~said~~ the stud in response to environmental forces but not horizontally.

Attorney Docket 12-449

07/557755

DECLARATION FOR PATENT APPLICATION

As the below named inventor, I hereby declare that my residence, post office address and citizenship are as stated below next to my name; I believe that I am the original, first and sole inventor of the subject matter which is claimed and for which a patent is sought on the invention entitled

"VERTICALLY SLOTTED HEADER"

the specification of which is attached hereto. I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims. I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, §1.56(a).

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

POWER OF ATTORNEY: I hereby appoint as my attorneys, with full powers of substitution and revocation, to prosecute this application and transact all business in the United States Patent and Trademark Office connected therewith:

HARLAN P. HUEBNER, Reg. No. 20,326 301

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State or Country	State or Country
California CA	U.S.A
Date	Signature
X July 1, 1990	Todd Brady

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Applicant or Patentee: Todd Allen Brady
Serial or Patent No.: _____
Filed or Issued: _____
For: VERTICALLY SLOTTED HEADER

Attorney's Docket No.: 12-449

VERIFIED STATEMENT (DECLARATION) CLAIMING SMALL ENTITY STATUS (37 CFR 1.9(f) and 1.27(b)) - INDEPENDENT INVENTOR

As a below named inventor, I hereby declare that I qualify as an independent inventor as defined in 37 CFR 1.9(c) for purposes of paying reduced fees under section 41(a) and (b) of Title 35, United States Code, to the Patent and Trademark Office with regard to the invention entitled Vertically Slotted Header described in

[X] the specification filed herewith.
[ ] application serial no. _____, filed _____.
[ ] patent no. _____, issued _____.

I have not assigned, granted, conveyed or licensed and am under no obligation under contract or law to assign, grant, convey or license, any rights in the invention to any person who could not be classified as an independent inventor under 37 CFR 1.9(c) if that person had made the invention, or to any concern which would not qualify as a small business concern under 37 CFR 1.9(d) or a nonprofit organization under 37 CFR 1.9(e).

Each person, concern or organization to which I have assigned, granted, conveyed, or licensed or am under an obligation under contract or law to assign, grant, convey, or license any rights in the invention is listed below:

[X] no such person, concern, or organization
[ ] persons, concerns or organizations listed below*

*NOTE: Separate verified statements are required from each named person, concern or organization having rights to the invention averring to their status as small entities. (37 CFR 1.27)

FULL NAME _____
ADDRESS _____
[ ] INDIVIDUAL [ ] SMALL BUSINESS CONCERN [ ] NONPROFIT ORGANIZATION

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I acknowledge the duty to file, in this application or patent, notification of any change in status resulting in loss of entitlement to small entity status prior to paying, or at the time of paying, the earliest of the issue fee or any maintenance fee due after the date on which status as a small entity is no longer appropriate. (37 CFR 1.28(b))

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application, any patent issuing thereon, or any patent to which this verified statement is directed.

Todd Allen Brady

NAME OF INVENTOR	NAME OF INVENTOR	NAME OF INVENTOR
X Todd Brady		
Signature of Inventor	Signature of Inventor	Signature of Inventor
X July 1, 1990		
Date	Date	Date

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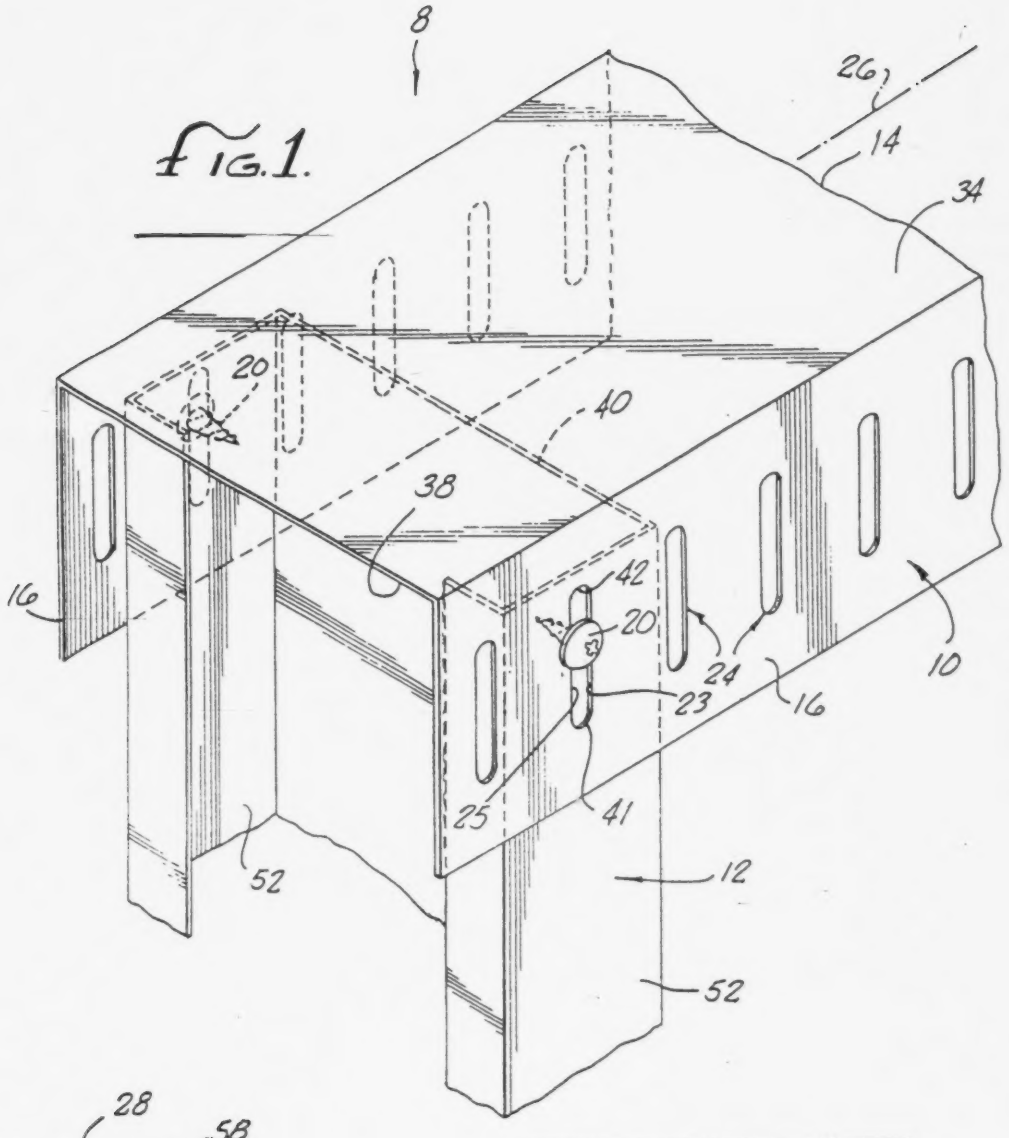
FIG. 1.



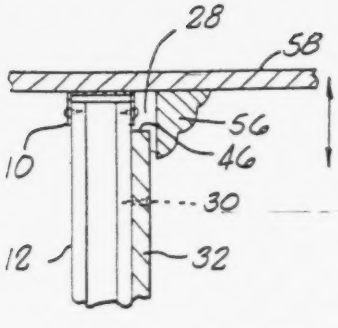


FIG. 5.

FIG. 4.

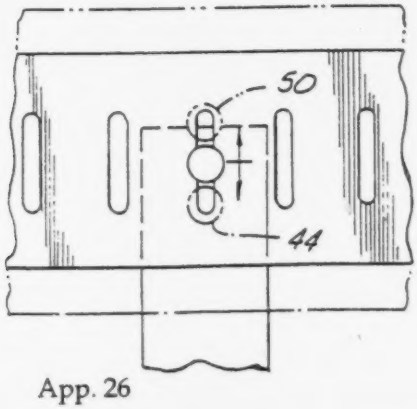


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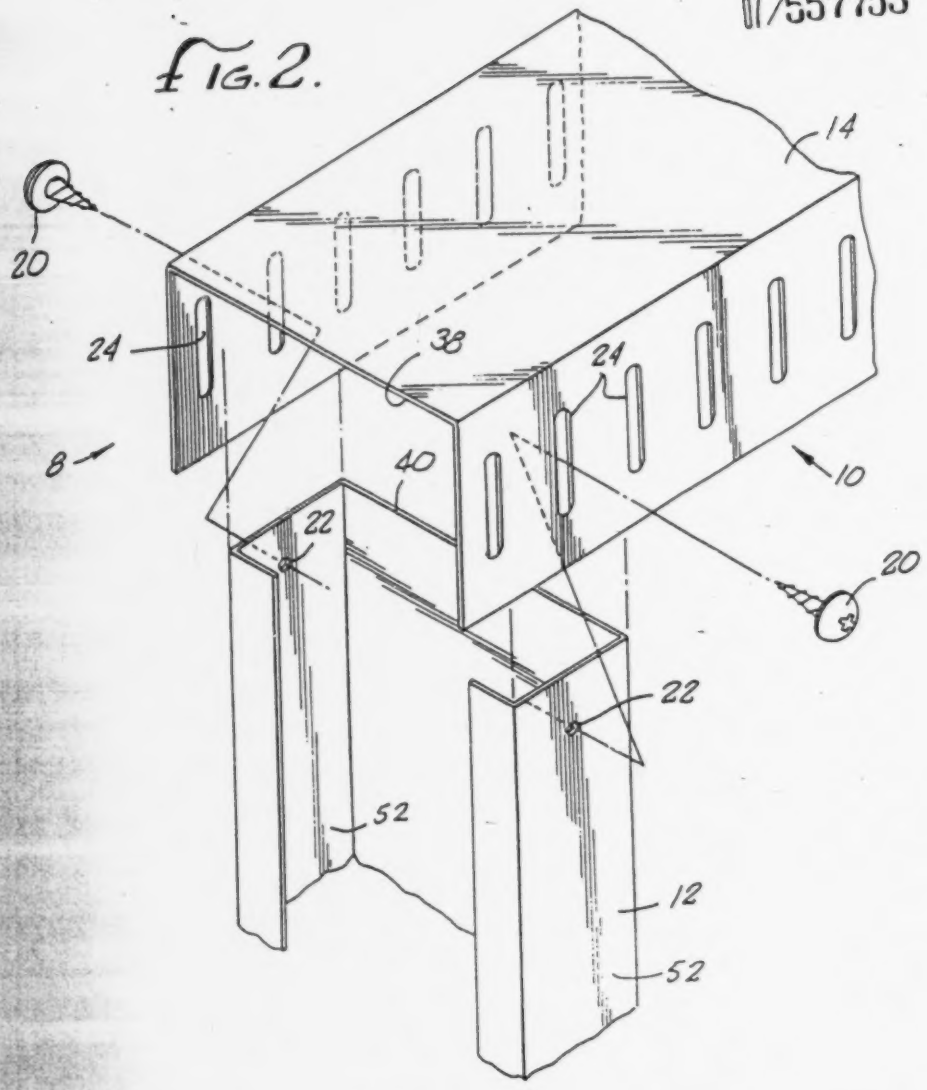
FIG. 2.



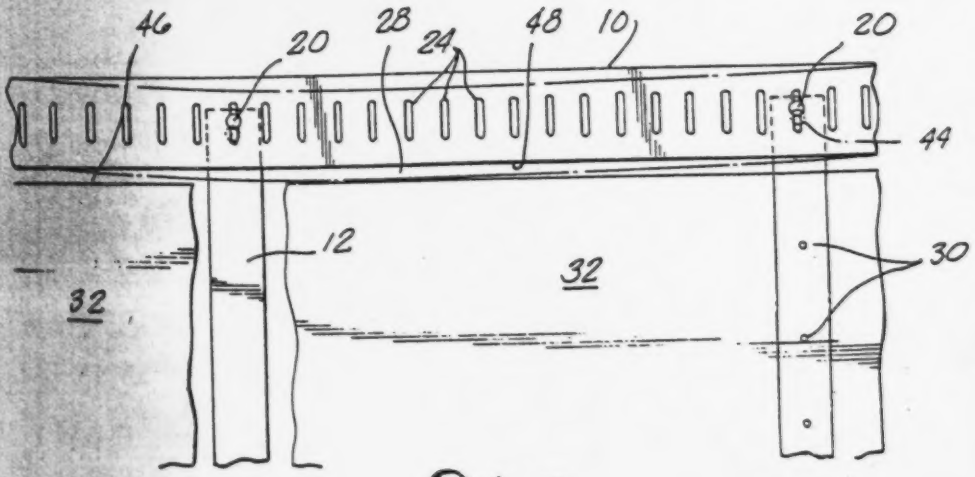


FIG. 3.